

Buhl Building • 535 Griswold St Suite #600 • Detroit, MI 48226

# SMART Board Meeting

December 5, 2024

 SMART



MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: Call to Order





MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: Pledge of Allegiance



I pledge allegiance to the flag of the United States of America and to The Republic for which it stands: one nation under God, indivisible with liberty and justice for all.





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## **ROLL CALL**

**Date: December 5, 2024**

CHAIRPERSON, MR. JOHN PAUL REA

VICE-CHAIRPERSON, MR. BRET RASEGAN

MS. SHEILA COTE

MR. ABDUL HAIDOUS

DR. CURTIS IVERY

MR. ROYCE MANIKO

MS. DIANA MCBROOM





## SMART Board Meeting Agenda

December 5, 2024

2:00 PM

Buhl Building

535 Griswold, Suite 600

Detroit, MI 48226

ITEM	ACTION	PRESENTED BY
1. Call to Order		John Paul Rea
2. Pledge of Allegiance		John Paul Rea
3. Roll Call		John Paul Rea
4. Adoption of Agenda	Approval	John Paul Rea
5. Certification of Public Notice	Information	Tiffany Martin
6. Minutes	Approval	John Paul Rea
A. Board Meeting Minutes for October 24, 2024		
7. Public Participation	Discussion	John Paul Rea
8. Chairperson's Report	Information	John Paul Rea
9. Financial Report	Information	Ryan Byrne, <i>VP of Finance</i>
A. Accept and File of Audited Financial Statements for the Year Ending June 30, 2024, including Other Independent Auditor Reports		
10. General Manager's Report	Information	Dwight Ferrell
11. Board Briefings	Information	
A. HR Hiring Update	Information	Tianna Leapheart, <i>Interim VP of Human Resources</i>
12. Unfinished Business		
A. Resolution: Approval of the Revised SMART Agency Safety Plan	Approval	Darrell Taylor, <i>Risk Manager</i>
13. New Business		
A. Resolution: Authorization of Contract Amendment No. 1 for the Extension of Employee Benefits Consultant Services	Approval	Tianna Leapheart, <i>Interim VP of Human Resources</i>

B. Ratification: Payment of Services Rendered for Concrete Repair Services During Option Year 2	Approval	LeJuan Burt, <i>VP of Maintenance</i>
C. Resolution: Authorization to Award a Contract for Paratransit & Support Vehicle Tires	Approval	LeJuan Burt, <i>VP of Maintenance</i>
14. Closed Session – VL Settlement	Discussion	John Paul Rea
15. Board Member Business	Discussion	John Paul Rea
16. Adjournment	Discussion	John Paul Rea







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## PUBLIC NOTICE

SMART will hold the December 5, 2024, Board of Directors meeting at 2 P.M. on the sixth floor of the Buhl Building, located at 535 Griswold Street, Suite 600, Detroit, MI 48226.

All physically present at the meeting must adhere to the following:

- Please respect anyone needing or choosing to wear a mask.
- People with symptoms of COVID-19 or exposure to someone with COVID-19 should wear a mask.
- People positive for COVID-19 may not attend the meeting in person and should access the recording using the YouTube link below.

The agenda can be found on SMART's website: <http://www.smartbus.org/About/Our-Organization/Board-of-Directors/Board-Meeting-Schedule>

Members of the public may attend in person. The Meeting will be live-streamed on YouTube and available at the following link: <https://www.youtube.com/@MySMARTBus>.

Members of the public may also submit a written comment to be read during the Public Comment period by emailing [SMARTBoard@smartbus.org](mailto:SMARTBoard@smartbus.org) by 1:15 p.m. on the day of the meeting.

Requests for reasonable accommodations at SMART require advanced reservations. Individuals with disabilities requiring assistance should contact [SMARTBoard@smartbus.org](mailto:SMARTBoard@smartbus.org) or 313-223-2110 as soon as possible. If you have difficulties joining the virtual session, contact [SMARTBoard@smartbus.org](mailto:SMARTBoard@smartbus.org) and we will assist you to the best of our abilities.

Public Comment will proceed as follows:

- All comments: 3-minute limit per member of the public. Kindly state your name and county of residence.
- Public comments will be received in the following order:
  - Members of the public who attend in person
  - Written comments via email. The Board Administrator will read any submitted comments.



# SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

## BOARD OF DIRECTORS' MEETING

### PROPOSED MINUTES – October 24, 2024

The Board of Directors of the Suburban Mobility Authority for Regional Transportation (SMART) met on Thursday, October 24, 2024, at 2:00 PM at the Wayne County Community College Downriver Campus, located at 21000 Northline Rd, Taylor, MI 48180.

#### ATTENDANCE

**SMART Board of Directors:**

Chairperson	Mr. John Paul Rea
Vice-Chairperson	Mr. Bret Rasegan
	Ms. Sheila Cote
	Dr. Curtis Ivery
	Mr. Royce Maniko
	Ms. Diana McBroom

**Absent Board Members:**

Mr. Abdul Haidous  
*(During the initial roll call)*

**SMART General Manager:** Mr. Dwight Ferrell

**SMART Deputy GM & COO:** Ms. Tiffany J. Gunter

**SMART Board Administrator:** Ms. Tiffany Martin-Patterson

**SMART Staff Present:**

Mr. Ron Beier  
Ms. Laura Bieniek  
Ms. De'Shalon Brownlee  
Mr. Le Juan Burt  
Mr. Ryan Byrne  
Mr. Melvin Evans  
Ms. Beth Gibbons  
Ms. Harmony Lloyd  
Mr. Bernard Parker  
Mr. Sean Riopelle  
Mr. D'Andrae Whitley  
Mr. Danny Whitehouse

**Public Registered:** Mr. Joel Batterman

Brother Cunningham  
Mx. Lukas Laseki  
Mr. Robert Pawlowski

**1. Call to Order**

**2. Pledge of Allegiance**

**3. Roll Call**

**Present:** Chairperson Mr. John Paul Rea, Vice-Chairperson Mr. Bret Rasegan, Ms. Sheila Cote, Dr. Curtis Ivery, Mr. Royce Maniko, Ms. Diana McBroom

**Absent During Roll Call:** Mr. Abdul Haidous

**A quorum was present.**

**4. Adoption of Agenda**

**MOTION:** Moved by Mr. Bret Rasegan, seconded by Mr. Royce Maniko, to approve the Agenda for the October 24, 2024 Board of Directors Meeting.

**DISCUSSION**

None

**VOTE: THE MOTION CARRIED.**

**5. Certification of Public Notice**

The Board Administrator read the Public Notice and Rules of Order into the record following Mr. Abdul Haidous's arrival and the Election of Officers for SMART's 2024/2025 term.

**6. Minutes**

**A. Board Meeting Minutes for SMART's September 26, 2024, Special Board of Directors Meeting**

**MOTION:** Moved by Mr. Bret Rasegan, seconded by Dr. Curtis Ivery, to approve the Board meeting minutes for the Special Board of Directors Meeting on September 26, 2024.

**DISCUSSION:**

None

**VOTE: THE MOTION CARRIED.**

**B. Board Meeting Minutes for SMART’s September 26, 2024 Nominating Committee Meeting**

**MOTION:** Moved by Ms. Diana McBroom, seconded by Mr. Bret Rasegan, to approve the Board meeting minutes for the Nominating Committee Meeting on September 26, 2024.

**DISCUSSION:**

None

**VOTE: THE MOTION CARRIED.**

**C. Board Meeting Minutes for SMART’s September 26, 2024, Board of Directors Meeting**

**MOTION:** Moved by Mr. Bret Rasegan, seconded by Ms. Sheila Cote, to approve the Board meeting minutes for the Board of Directors Meeting on September 26, 2024.

**DISCUSSION:**

None

**VOTE: THE MOTION CARRIED.**

**7. Election of Officers to the SMART Board of Directors: 2024/2025**

**MOTION:** Moved by Mr. Royce Maniko, seconded by Dr. Curtis Ivery, that the Board of Directors of the Suburban Mobility Authority for Regional Transportation hereby elects Mr. John Paul Rea of Macomb County as Chairperson of the SMART Board and Mr. Bret Rasegan of Oakland County as Vice-Chairperson of the SMART Board, for a term of one year per the SMART Board’s By-Laws, Article III. Sections 2 and 3.

**DISCUSSION:**

SMART’s Board made no additional nominations for Chairperson and Vice-Chairperson of Directors.

**VOTE: THE MOTION CARRIED.**

## 8. Public Participation

Chairperson Mr. John Paul Rea declared the meeting open for Public Participation.

The following participants voiced their concerns and made comments:

- **Mr. Joel Batterman of Wayne County** stated that SMART should have a way to track performance, possibly a dashboard. Ultimately, there should be more service, and it should occur more frequently, which could be better implemented with more funding.
- **Brother Cunningham of Wayne County**, who reiterated concerns made during SMART's Sounding Board, expressed the need for a FAST bus on Grand River and Van Dyke, and mentioned that public comment should be hybrid (in-person and via Zoom
- **Mx. Lukas Laseki of Oakland County** urged SMART to restore Zoom participation because it is more convenient for public members who cannot access in-person board meetings easily. Also, emailed comments should be read into the record, as they have not been done for the last meetings. Meetings should also start at their advertised times to avoid confusion.
- **Mr. Robert Pawlowski of Wayne County** welcomed Ms. Diana McBroom and congratulated Mr. John Paul Rea and Mr. Bret Rasegan for their new offices. He stated SMART has been improving its service and is doing well at addressing concerns.

The following participants emailed comments to the SMART Board of Directors:

- **Mx. Steven Hammontree of Macomb County** raised concerns about the perceived minimization of public comments during meetings. He noted that the agenda was not posted in a timely manner. Additionally, he expressed that any public comments submitted via email should be read aloud, as they have not been in past meetings. While other transit authorities provide prior notice when they discontinue service in certain areas, SMART does not appear to do the same. Mx. Hammontree emphasized the need for more effective communication regarding service changes moving forward.

## 9. Chairperson's Report

### **DISCUSSION:**

After being appointed Chairperson of SMART's Board of Directors, Mr. John Paul Rea expressed gratitude to his predecessor, Mr. Abdul Haidous, the public, and members of SMART's staff.

## 10. General Manager's Report

### **DISCUSSION:**

Employee Service Awards were given to employees with or over 25 years of service with SMART. SMART would offer free fares on Election Day. During SMART's fundraiser for

Breast Cancer Awareness Month, employees raised \$8334 in four days. General Manager Dwight Ferrell agreed to donate the difference to reach a total of \$9000—the total of this donation amounting to \$666.00.

Deputy General Manager Tiffany Gunter was selected for 2025's APTA Leadership Class.

SMART Board Members and the general public were introduced to Kesha McKinney, the VP of Diversity, Equity, and Inclusion.

In efforts to attract a younger talent pool, SMART has done two things: lowered the age requirements for drivers to 18 and will award a contract for talent acquisition.

## 11. Board Briefings

### A. HR Hiring Update

#### **DISCUSSION:**

The number of new hires and the total number of operators for fixed routes and paratransit were shared.

### B. Safety Report—SMART Backing Up Policy

#### **DISCUSSION:**

Backing up policy discussed. Number of accidents disclosed due to backing up without spotter in 2023. In 2024, only one accident took place. Maniko inquired about backup cameras. New vans have cameras, though the rear remains a blind spot.

## 12. New Business

### A. Resolution: Approval to Revise SMART Board of Directors' Policy 9

**MOTION:** Moved by Mr. Bret Rasegan, seconded by Ms. Sheila Cote, to table Resolution 12A: Approval to Revise SMART Board of Directors' Policy 9. This would require that members of the public wishing to address the Board during the public participation portion of Board meetings fill out a notecard with their name, city, county of residence, contact information, and the subject of their comments. All other Policy 9 provisions remain unchanged. This policy revision will be in effect at the next SMART Board of Directors meeting.

#### **DISCUSSION:**

McBroom expressed her concerns about a policy change that may be a barrier to public commenting, as some may be averse to sharing personal information. The Open Meetings Act allows SMART to gather this data to run meetings more efficiently.

Rasegan also commented that if the comment does not require follow-up, it should not require contact information. Ivery mentioned that perception must be considered. The agenda

item was recommended for further deliberations later. Maniko pointed out verbiage stating speakers “must” fill out cards, which the Board is uncomfortable with.

**VOTE: THE MOTION FAILED**

**B. Resolution: Approval of the Revised SMART Agency Safety Plan**

**MOTION:** Moved by Mr. Bret Rasegan, seconded by Mr. Royce Maniko, to postpone approval of SMART’s Agency Safety Plan.

**DISCUSSION:**

Board Members inquired if the General Counsel had signed off and if they were comfortable with the language. FTA requires the amendment to be discussed, though it may not have been signed off yet.

**VOTE: THE MOTION FAILED**

**C. Resolution: Authorization to Award a Contract for Talent Management Strategy & Framework Consulting Services**

**MOTION:** Moved by Mr. Abdul Haidous, seconded by Mr. Bret Rasegan, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a contract for talent management strategy and framework consulting services to Mecca Management Solutions, LLC for a total amount not to exceed \$316,500.00 for two years, with one one-year renewal option for the amount not to exceed \$100,000.00, for an aggregate amount not to exceed \$416,500.00 for the three years.

**DISCUSSION:**

Maniko required clarification on the rewards being offered. Tianna Leapheart, the presenter, explained that it was a program to encourage people to come to work. Dwight added that this was done to become consistent with the State of Michigan’s rewards. Dr. Curtis Ivery requested additional documentation.

**VOTE: THE MOTION CARRIED.**

**D. Resolution: Authorization to Award a Contract for Three (3) Accessible Passenger Vehicles - Modified Minivan for ADA Functional Assessments and Travel Training**

**MOTION:** Moved by Dr. Curtis Ivery, seconded by Mr. Abdul Haidous, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a contract for the purchase of three (3) accessible passenger vehicles - modified minivans to Hoekstra Transportation, Inc. under a cooperative purchasing agreement through the State of Michigan – State Bus/Van Purchasing Program Contract for an amount not to exceed \$204,000.00.



**DISCUSSION:**

None

**VOTE: THE MOTION CARRIED.**

**E. Resolution: Authorization to Award a Contract for Driver Seatbelt Installation for Fixed Route Buses**

**MOTION:** Moved by Dr. Curtis Ivery, seconded by Mr. Bret Rasegan, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a contract for driver seatbelt installation for fixed route buses to Midwest Bus Corporation for an amount not to exceed \$111,370.00.

**DISCUSSION:**

None

**VOTE: THE MOTION CARRIED.**

**F. Resolution: Authorization to Award a Contract for Heating, Ventilation and Air Conditioning (HVAC) Systems Preventative Maintenance & Repair Services**

**MOTION:** Moved by Mr. Abdul Haidous, seconded by Ms. Diana McBroom, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a contract for heating, ventilation and air conditioning (HVAC) systems preventative maintenance & repair services to Johnson Controls Inc. for one year beginning January 1, 2025, through December 31, 2025, at an amount not to exceed \$184,000.00 for one year, with two one-year renewal options for an amount not to exceed \$184,000.00 each year, totaling \$552,000.00 for three years.

**DISCUSSION:**

None

**VOTE: THE MOTION CARRIED.**

**G. Resolution: Authorization to Award a Contract for Gas & Diesel Fuel**

**MOTION:** Moved by Mr. Bret Rasegan, seconded by Ms. Sheila Cote, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a contract for gas and diesel fuel to Marathon Flint Oil Company beginning December 12, 2024, through December 11, 2026, at an amount not to exceed \$14,000,000.00 for two years, with one, one-year renewal option at an amount not to exceed \$7,000,000.00, totaling \$21,000,000.00 for three years.

**DISCUSSION:**

The board asked if the price would be locked in over the next two to three years. A consultant will be brought in to assist with fuel hedging, which will likely guarantee the price of oil regardless of market instability.

**VOTE: THE MOTION CARRIED.**

**H. Ratification: Authorization of Contract Amendment No. 1 for a One-Year Extension for Architectural and Engineering Services for Select Existing Projects**

**MOTION:** Moved by Mr. Abdul Haidous, seconded by Ms. Diana McBroom, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to enter into Contract Amendment No. 1 for a One-Year Extension for Architectural and Engineering Services for Select Existing Projects with Hubbell, Roth & Clark, Inc. beginning November 1, 2024, and ending October 31, 2025. All other terms and conditions of the contract shall remain unchanged.

**DISCUSSION:**

None

**VOTE: THE MOTION CARRIED.**

**I. Ratification: Ratification of Payment of Services Rendered and Authorization of Contract Amendment No. 1 to Increase Funding for Voice Services**

**MOTION:** Moved by Dr. Curtis Ivery, seconded by Mr. Royce Maniko, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award contracts to Allie Brothers Uniforms and Galls, LLC for uniforms for fixed route bus and paratransit operators, road supervisors, and dispatchers for three years beginning October 1, 2024, and ending September 30, 2027, for a shared total amount not to exceed \$921,000, with two one-year renewal options for the subsequent shared amount not to exceed \$307,000.00 per year, for an aggregate amount not to exceed \$1,535,000.00 for the five years.

**DISCUSSION:**

Mr. Royce Maniko inquired about the per-minute rate and asked if it was consistent with services rendered. Currently, SMART exceeds that amount, hence the reason for ratification. There will also be higher call volumes due to upcoming conventions.

**VOTE: THE MOTION CARRIED.**

**13. Board Member Business**

**DISCUSSION:**

None

#### **14. Adjournment**

There being no further business to come before the Board. The meeting was adjourned at 4:04 PM upon a motion made by Mr. Abdul Haidous, seconded by Mr. Royce Maniko, and unanimously carried.

Respectfully submitted,

*Tiffany Martin-Patterson*

Tiffany Martin-Patterson  
Board Administrator





MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: Public Participation





MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: Chairperson's Report



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DATE:	December 5, 2024	DISPOSITION SOUGHT:	Accept and File
TO:	SMART Board of Directors	SUBMITTED BY:	VP of Finance
FROM:	VP of Finance	APPROVED BY:	General Manager

SUBJECT: Approval of Audited Financial Statements for the Year Ending June 30, 2024, including Other Independent Auditor Reports

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### **RECOMMENDATION**

That the Board accept the following SMART FY 2023/24 audit reports:

- Audited Financial Statements
- Single Audit Report
- Statement of Auditing Standard Annual Auditors Letter to the Board; and
- Instruct the VP of Finance to file with the appropriate federal and state agencies by 12/31/2024 as required by law.

### **DISCUSSION**

In accordance with PA 204 of 1967, as amended and PA 2 of 1968, as amended, the Suburban Mobility Authority for Regional Transportation (SMART) must have an annual independent audit of its financial records and internal controls. The Federal government, under U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards also requires a Single Audit (Federal Awards Supplemental Information Report) to be performed by an independent auditor if the value of federal dollars received is \$750,000 or greater. Under Generally Accepted Auditing Standards, the auditors also provide SMART a communication to those charged with governance relating to internal controls at SMART and highlight other auditor recommendations and related financial information within this document.

The draft audit, Single Audit and Statement of Auditing Standard letter was presented to the Audit Committee at their December 5, 2024 meeting. After review with the independent auditors and staff, the Audit committee voted to move all items to the full Board of Directors for review and consideration subject to the Authority obtaining the final financial statement opinion from the auditors, a federal awards supplemental information opinion letter from the auditors and staff preparing and providing the Other Supplemental Financial Information which is attached to the audit report. All items are complete and, if applicable, part of the final reporting package to the Board.

### **ATTACHMENTS**

- Audited FY 2023/24 Financial Statements,
- Federal Awards Report
- Statement of Auditing Standard Letter to the Board

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# Suburban Mobility Authority for Regional Transportation

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## **Financial Report with Supplementary Information June 30, 2024**

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### Open Items

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1. Report date
2. Cover page from SMART
- 3.
- 4.
- 5.
- 6.
- 7.



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## Independent Auditor's Report

To the Board of Directors  
Suburban Mobility Authority for Regional Transportation

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the business-type activities and fiduciary activities of Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise Suburban Mobility Authority for Regional Transportation's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of Suburban Mobility Authority for Regional Transportation as of June 30, 2024 and 2023 and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, certain errors resulting in an understatement of previously reported revenue for the year ended June 30, 2023 was identified during the current year. Accordingly, the June 30, 2023 financial statements have been restated and an adjustment has been made to net position as of June 30, 2023 to correct the errors. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

To the Board of Directors  
Suburban Mobility Authority for Regional Transportation

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

To the Board of Directors  
Suburban Mobility Authority for Regional Transportation

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Suburban Mobility Authority for Regional Transportation's basic financial statements. The supplementary information, as identified in the table of contents, except for the community based report numbered 12, the nonfinancial report numbered 19, and all reports for the year ended September 30, 2023 (those numbered 2, 4, 6, 8, 10, and 13-18) is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, except for the community based report numbered 12, the nonfinancial report numbered 19, and all reports for the year ended September 30, 2023 (those numbered 2, 4, 6, 8, 10, and 13-18) is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Additional Information***

Management is responsible for the accompanying other information which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other information comprises the community based report numbered 12, the nonfinancial report numbered 19 and all reports for the year ended September 30, 2023 (those numbered 2, 4, 6, 8, 10, and 13-18). Our opinions on the financial statements do not cover the such information, and we do not express an opinion or any form of assurance thereon.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024 on our consideration of Suburban Mobility Authority for Regional Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Suburban Mobility Authority for Regional Transportation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Suburban Mobility Authority for Regional Transportation's internal control over financial reporting and compliance.

December 5, 2024

# 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, 2024 and 2023 and does not purport to make any statement regarding the future operations of the organization. While SMART is an instrumentality of the State of Michigan, it is not a component of the State, as defined by the Governmental Accounting Standards Board (GASB).

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

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

### ***Financial Highlights***

- Total operating revenue has increased in fiscal year 2023 2024 (FY 2024) as compared to fiscal year 2022 2023 (FY 2023). This total operating revenue increase is 5.88 percent, or approximately \$309,000. This is due to increased ridership.
- The other component of total operating revenue is other operating income. This revenue component had an actual overall increase of approximately \$301,000, or approximately 17.05 percent, compared to FY 2023. This revenue stream primarily consists of advertising, rental, and miscellaneous operating revenue.
- Nonoperating revenue decreased by approximately \$47.9 million, or 24.99 percent, in FY 2024 compared to FY 2023. This is primarily due to lower Federal Pandemic Relief funding and lower Local contributions of county property taxes.
- In FY 2024, operating expenses of approximately \$128.7 million, before depreciation, are approximately \$424,000 lower than FY 2023. This is largely due to an decrease in employee Fringe Benefits, and increased expense related to SMART wage payments.
- Capital contribution spending in FY 2024 amounted to \$19.7 million. This is an increase of approximately \$8.5 million, or 76 percent, for FY 2024. SMART heavily relies on federal capital funds to purchase capital assets (i.e., bus replacement and facility rehabilitation). SMART had more capital projects open during FY 2024 than FY 2023.
- Current liabilities increased by approximately \$1.1 million primarily due to an increase in municipal and community credits payable of \$1.3 million, a increase in accrued liabilities related to Operating Assistance of \$900,000, and a decrease in accounts payable of \$1.2 million.
- Net position, which is detailed later, increased by \$19.9 million to \$276.6 million, which is a combination of the \$1.5 million decrease in net investment in capital assets, \$16.7 million increase in restricted net position related to Postemployment benefits and \$4.6 million increase in unrestricted net position due to FY 2024 financial activity.

# Suburban Mobility Authority for Regional Transportation

## Management's Discussion and Analysis (Continued)

### The Authority's Net Position

A summary of SMART's assets, liabilities, deferred outflows and inflows, and net position at June 30, 2024, 2023, and 2022 is as follows:

	2022	2023	2024
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 160,998,019	\$ 186,875,427	\$ 135,689,663
Receivables	36,912,759	64,803,263	42,518,794
Other assets	3,443,963	3,875,319	21,090,415
Capital assets	162,892,550	154,167,366	152,212,121
Total assets	364,247,291	409,721,375	351,510,993
<b>Deferred Outflows of Resources</b>	33,862,829	35,940,224	76,763,434
<b>Liabilities</b>			
Current liabilities	36,273,824	30,557,924	31,691,935
Noncurrent liabilities	107,816,535	108,061,777	83,062,798
Total liabilities	144,090,359	138,619,701	114,754,733
<b>Deferred Inflows of Resources</b>	56,257,544	50,340,231	36,896,436
<b>Net Position</b>			
Net investment in capital assets	160,919,352	151,147,487	149,685,808
Restricted	121,708	69,867	16,884,208
Unrestricted	36,721,157	105,484,313	110,053,242
Total net position	<u>\$ 197,762,217</u>	<u>\$ 256,701,667</u>	<u>\$ 276,623,258</u>

SMART's current assets, including restricted cash, had a net decrease of \$73.1 million, which represents an increase of approximately 28.7 percent compared to FY 2023. Restricted cash increased from approximately \$70,000 to \$178,690 at the end of FY 2024.

Amounts invested in capital assets decreased by \$2.0 million to \$152.2 million.

Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, increased by \$4.6 million from FY 2023.

### The Authority's Changes in Net Position

	2022	2023	2024
<b>Operating Revenue</b>	\$ 6,349,427	\$ 7,025,687	\$ 7,636,159
<b>Operating Expenses</b>	148,922,018	150,868,405	151,132,996
<b>Operating Loss</b>	(142,572,591)	(143,842,718)	(143,496,837)
<b>Nonoperating Revenue</b>	150,006,644	191,615,533	143,711,912
<b>Income - Before capital contributions</b>	7,434,053	47,772,815	215,075
<b>Capital Contributions</b>	24,220,601	11,166,635	19,706,516
<b>Change in Net Position</b>	31,654,654	58,939,450	19,921,591
<b>Net Position - Beginning of year, as restated</b>	166,107,563	197,762,217	256,701,667
<b>Net Position - End of year, as restated</b>	<u>\$ 197,762,217</u>	<u>\$ 256,701,667</u>	<u>\$ 276,623,258</u>

## Suburban Mobility Authority for Regional Transportation

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

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As described earlier in financial highlights, total operating revenue has increased in FY 2023 as compared to FY 2022. This is mainly a result of fare being collected during all of FY 2024.

Operating expenses before depreciation are \$424,000 higher than FY 2023. This is largely due to an decrease in employee Fringe Benefits, and increased expense related to SMART wage payments.

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

The Authority continues to invest in infrastructure, equipment, and vehicles. SMART had approximately \$152.2 million and \$154.2 million invested in capital assets as of June 30, 2024 and 2023, respectively. During FY 2024, SMART had total capital asset additions of approximately \$20.5 million, primarily consisting of bus equipment software and facilities projects.

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 tricity 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 2024 that the Section 5307 federal capital funding passed through the RTA will again be 50.0 percent to SMART, 49.0 percent to DDOT, and 1 percent to the Detroit Transportation Corporation. For FY 2024, Section 5307 funding of approximately \$44.5 million is included in SMART's capital budget.

In December 2022, voters in the service areas of Macomb, Oakland, and Wayne counties approved a \$0.95 per thousand taxable value millage rate. The millage is applied against taxable value across Macomb and Oakland counties and in participating communities in Wayne County. The millage rate is subject to the State Headlee Amendment annually. The millage has been voter approved for a 10 year in Oakland, 5 year in Macomb, and 4 year in Wayne and is estimated to generate \$101 million in FY 2025 for SMART.

SMART has adopted a balanced budget for FY 2024. The FY 2024 operating budget is approved for \$171.1 million. In addition, the FY 2024 restricted pass through revenue and expense budget has been approved for \$11.5 million. In FY 2024, the board also approved a federal/state \$507.8 million capital spending plan. This capital plan is a six year spending plan with an estimated \$81.9 million per year to be applied for and spent. In addition, the board continued to support incorporating \$130.7 million in prior year unspent approved grant dollars within the FY 2023 capital spending plan.

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

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

# Suburban Mobility Authority for Regional Transportation

## Statement of Net Position

June 30, 2024 and 2023

	Enterprise Operating Fund	
	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 113,153,841	\$ 170,036,384
Investments (Note 3)	22,535,822	16,839,043
Receivables:		
Local contributions receivable (Note 1)	33,938	544,623
Accrued interest receivable	71,139	27,660
Current portion of leases receivable	9,913	18,718
Other receivables	863,454	858,962
Grant receivable (Note 4)	41,036,483	62,839,520
Materials and supplies inventories	3,645,186	3,362,054
Prepaid expenses and other assets	561,021	443,398
Total current assets	181,910,797	254,970,362
Noncurrent assets:		
Restricted cash (Note 3)	178,692	69,867
Leases receivable - Net of current portion	503,867	513,780
Net OPEB asset (Note 12)	16,705,516	-
Nondepreciable capital assets (Note 5)	19,767,513	29,837,620
Depreciable capital assets - Net (Note 5)	132,444,608	124,329,746
Total noncurrent assets	169,600,196	154,751,013
Total assets	351,510,993	409,721,375
<b>Deferred Outflows of Resources</b>		
Deferred pension costs (Note 10)	73,809,346	28,111,789
Deferred OPEB costs (Note 12)	2,954,088	7,828,435
Total deferred outflows of resources	76,763,434	35,940,224
<b>Liabilities</b>		
Current liabilities:		
Municipal and community credits payable (Note 1)	9,173,505	7,802,055
Amounts payable under purchase of service agreements	1,217,258	1,380,610
Current portion of accrued self-insurance (Note 9)	3,671,258	4,837,305
Accounts payable	7,894,226	8,686,427
Accrued liabilities and other:		
Accrued salaries and wages	1,258,677	918,202
Operating assistance reserve	3,909,646	3,018,205
Other accrued liabilities	349,900	41,595
Current portion of long-term liabilities (Note 8)	4,217,465	3,873,525
Total current liabilities	31,691,935	30,557,924
Noncurrent liabilities:		
Accrued self-insurance - Net of current portion (Note 9)	8,975,427	10,669,415
Net pension liability (Note 10)	71,775,945	76,631,122
Net OPEB liability (Note 12)	-	18,019,186
Long-term liabilities - Net of current portion (Note 8)	2,311,426	2,742,054
Total noncurrent liabilities	83,062,798	108,061,777
Total liabilities	114,754,733	138,619,701

See notes to financial statements.



# Suburban Mobility Authority for Regional Transportation

## Statement of Net Position (Continued)

June 30, 2024 and 2023

	Enterprise Operating Fund	
	2024	2023
<b>Deferred Inflows of Resources</b>		
Deferred pension cost reductions (Note 10)	\$ 596,483	\$ -
Deferred OPEB cost reductions (Note 12)	35,831,042	49,841,792
Deferred inflows from leases	468,911	498,439
Total deferred inflows of resources	36,896,436	50,340,231
<b>Net Position</b>		
Net investment in capital assets	149,685,808	151,147,487
Restricted:		
Acquisition of capital assets	178,692	69,867
Postemployment benefits other than pension	16,705,516	-
Unrestricted	110,053,242	105,484,313
Total net position as stated (Note 1)	<u>\$ 276,623,258</u>	<u>\$ 256,701,667</u>

# Suburban Mobility Authority for Regional Transportation

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

Years Ended June 30, 2024 and 2023

	Enterprise Operating Fund	
	2024	2023
<b>Operating Revenue</b>		
Fares	\$ 5,568,412	\$ 5,259,208
Other income	2,067,747	1,766,479
Total operating revenue	7,636,159	7,025,687
<b>Operating Expenses</b>		
Salaries and wages	53,556,466	48,713,035
Fringe benefits	14,364,306	26,120,040
Materials and supplies	14,826,011	14,090,794
Contractual services	8,623,333	6,031,594
Utilities	1,421,967	1,295,817
Claims and insurance	7,931,611	8,834,733
Purchased transportation (Note 7)	18,964,287	15,872,370
Miscellaneous expense	1,102,285	1,149,686
Depreciation	22,447,924	21,759,710
Microtransit	7,894,806	7,000,626
Total operating expenses	151,132,996	150,868,405
<b>Operating Loss</b>	(143,496,837)	(143,842,718)
<b>Nonoperating Revenue (Expense)</b>		
Investment income	8,757,668	3,100,677
Gain on sale of assets	114,218	71,115
Federal operating and preventive maintenance assistance	4,215,524	49,496,572
State operating grants	52,919,743	46,267,197
Local contributions (Note 6)	74,892,498	87,814,682
Other state and local sources	2,073,091	1,986,988
Interest expense	(50,614)	(57,264)
Other nonoperating revenue	789,784	2,935,566
Total nonoperating revenue	143,711,912	191,615,533
<b>Income - Before capital contributions</b>	215,075	47,772,815
<b>Capital Contributions</b>	19,706,516	11,166,635
<b>Change in Net Position</b>	19,921,591	58,939,450
<b>Net Position - Beginning of year, as restated (Note 1)</b>	256,701,667	197,762,217
<b>Net Position - End of year, as restated (Note 1)</b>	<b>\$ 276,623,258</b>	<b>\$ 256,701,667</b>

# Suburban Mobility Authority for Regional Transportation

## Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	Enterprise Operating Fund	
	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from transit operations	\$ 7,631,667	\$ 7,076,924
Payments to suppliers	(26,858,247)	(27,569,005)
Payments to employees and fringes	(160,990,775)	(84,222,619)
Payments to claims and insurance	(10,791,646)	(7,925,330)
Payments for purchased transportation	(25,650,995)	(23,583,921)
Net cash and cash equivalents used in operating activities	(216,659,996)	(136,223,951)
<b>Cash Flows from Noncapital Financing Activities</b>		
State operating grants	50,268,910	48,409,662
Federal operating and preventive maintenance assistance	33,908,324	14,795,444
Local contributions	75,403,183	87,638,359
Other nonoperating receipts	2,852,061	4,911,931
Net cash and cash equivalents provided by noncapital financing activities	162,432,478	155,755,396
<b>Cash Flows from Capital and Related Financing Activities</b>		
Receipt of capital grants	15,359,028	15,181,071
Proceeds from sale of capital assets	114,218	130,924
Purchase of capital assets	(20,492,677)	(11,539,361)
Lease payments	(544,179)	(577,669)
Net cash and cash equivalents (used) provided by capital and related financing activities	(5,563,610)	3,194,965
<b>Cash Flows from Investing Activities</b>		
Interest received on investments - Net of losses	8,714,189	3,099,157
Purchases of investment securities	(5,696,779)	-
Proceeds from sale and maturities of investment securities	-	223,875
Net cash and cash equivalents provided by investing activities	3,017,410	3,323,032
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	(56,773,718)	26,049,442
<b>Cash and Cash Equivalents - Beginning of year</b>	170,106,251	144,056,809
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 113,332,533</b>	<b>\$ 170,106,251</b>
<b>Classification of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 113,153,841	\$ 170,036,384
Restricted cash	178,692	69,867
Total cash and cash equivalents	<b>\$ 113,332,533</b>	<b>\$ 170,106,251</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (143,496,837)	\$ (143,842,718)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	22,447,924	21,759,710
Noncash change in net pension liability	(49,956,251)	8,199,096
Noncash change in net OPEB liability	(43,861,105)	(17,805,194)
Noncash change in self-insurance liability	(2,860,035)	909,403
Changes in assets and liabilities:		
Materials and supplies inventory	(283,132)	(539,804)
Other receivables	(4,492)	51,237
Prepaid and other assets	(117,623)	56,607
Accounts payable	(489,975)	(4,517,917)
Municipal and community credits payable	1,395,115	1,119,844
Payable under purchase service contracts	(180,938)	(1,830,769)
Accrued wages and compensated absences	747,353	216,554
Net cash and cash equivalents provided by operating activities	<b>\$ (216,659,996)</b>	<b>\$ (136,223,951)</b>

**Significant Noncash Transactions** - In 2023, SMART entered into leases that increased right-to-use assets and lease liabilities by approximately \$1.5 million. No significant noncash transactions in 2024.

See notes to financial statements.

**Suburban Mobility Authority for Regional Transportation**

**Statement of Cash Flows (Continued)**

**Years Ended June 30, 2024 and 2023**



**Suburban Mobility Authority for Regional Transportation**

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b> - Interest in pooled investments	\$ 146,517,778	\$ 110,526,554
<b>Liabilities</b>	<u>-</u>	<u>-</u>
<b>Net Position</b> - Restricted for postemployment benefits other than pension	<u><b>\$ 146,517,778</b></u>	<u><b>\$ 110,526,554</b></u>



# Suburban Mobility Authority for Regional Transportation

## Fiduciary Funds Statement of Changes in Fiduciary Net Position

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Additions</b>		
Investment income	\$ 12,254,915	\$ 7,605,774
Contributions - Employer contributions	<u>30,238,556</u>	<u>8,187,899</u>
Total additions	42,493,471	15,793,673
<b>Deductions</b>		
Benefit payments	6,238,557	5,693,299
Administrative expenses	<u>263,690</u>	<u>192,065</u>
Total deductions	<u>6,502,247</u>	<u>5,885,364</u>
<b>Net Increase in Fiduciary Net Position</b>	35,991,224	9,908,309
<b>Net Position - Beginning of year</b>	<u>110,526,554</u>	<u>100,618,245</u>
<b>Net Position - End of year</b>	<u><u>\$ 146,517,778</u></u>	<u><u>\$ 110,526,554</u></u>

June 30, 2024 and 2023

### 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 "People Mover") are subrecipients of the RTA for state and federal operating assistance, capital grants, and loans. The State of Michigan and the Federal Transit Administration (FTA) pay such funds directly to SMART at the direction of the RTA.

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

#### ***Reporting Entity***

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

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

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

#### ***Fiduciary Component Unit***

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

June 30, 2024 and 2023

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

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

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

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

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

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

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

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

#### ***Basis of Accounting***

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

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

##### **Cash and Cash Equivalents**

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

##### **Investments**

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

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

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

##### **Materials and Supplies Inventory**

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



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

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

**Deferred Outflows/Inflows of Resources**

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

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

**Net Position Flow Assumption**

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

June 30, 2024 and 2023

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

#### **Pension**

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

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

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

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

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

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

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

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

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

June 30, 2024 and 2023

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

#### **Proprietary Funds Operating Classification**

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

#### **Grant Activities**

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

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

#### **Passenger Fares**

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

#### **Cost Allocation Plan**

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

#### **Leases**

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

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

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

June 30, 2024 and 2023

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

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

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

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

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

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

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

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

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

#### **Use of Estimates**

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

#### **Upcoming Accounting Pronouncements**

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

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

In December 2023, the Government Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

In April 2024, the Government Accounting Standards Board issued Statement No. 103, Financial Reporting Model Improvements, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

In September 2024, the Government Accounting Standards Board issued Statement No. 104, Disclosure of Certain Capital Assets, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. The Statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

**Accounting Changes and Error Corrections**

**Correction of an Error in Previously Issued Financial Statements**

During fiscal year 2024, the Authority determined to request reimbursement under federal grants for expenditures incurred in a prior year and due to the timing of this decision it was not recorded as revenue of the Authority in fiscal year 2023. Therefore, federal operating and preventive maintenance assistance was understated by approximately \$33 million in business-type activities for the fiscal year ended June 30, 2023. The effects of correcting that error, which increased net position for the fiscal year ended June 30, 2023 by approximately \$33 million, are shown in the table at the end of this section.

**Adjustments to and Restatements of Beginning Balances**

The changes noted above resulted in adjustments to and restatements of beginning net position as follows:

	<u>June 30, 2023</u>		<u>June 30, 2023</u>
	As Previously Reported	Error Correction - Grant Revenue	As Restated
Business-type activities:	\$ 223,720,057	\$ 32,981,610	\$ 256,701,667

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

Under Act 51 of the Public Acts of 1951, as amended, the State of Michigan makes distributions of funds that have been appropriated for mass transit operating assistance. As indicated in Note 1, the RTA is the designated recipient for such funds and SMART is a subrecipient of the RTA. SMART has recorded operating grant revenue under Act 51 based on a formula that takes into account the eligible costs incurred by SMART, locally generated revenue of SMART, the percentage of the RTA's funding that is allocable to SMART, and preliminary information made available by the Michigan Department of Transportation (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, 2020. There were no further adjustments to the Act 51 revenue as a result of closing out these years. Furthermore, SMART awaits the "final" determination for the years ended September 30, 2021, 2022, 2023 and 2024. SMART has recorded an estimated net receivable of approximately \$4,547,000 as of June 30, 2024 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 2024 and 2023. 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	\$ 113,153,841
Investments	22,535,822
Restricted cash	178,692
	<hr/>
Total deposits and investments	\$ <u>135,868,355</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 260 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Note 3 - Deposits and Investments (Continued)

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. SMART does not have a deposit policy for custodial credit risk. At year end, the Authority had bank deposits of \$113,275,166 (checking and savings accounts), of which \$112,250,166 was uninsured and uncollateralized.

Interest Rate Risk

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

At year end, SMART had the following investments:

Investment	Fair Value	Weighted-average Maturity (Years)
Negotiable certificates of deposit	\$ 8,481,224	1.52
U.S. government agency securities	14,054,598	2.85

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority's investment policy minimizes credit risk by limiting exposure to poor credits and concentrating the investments in the safest type of securities, diversifying the investment portfolio so that potential losses on individual securities will be minimized, and actively monitoring the investment portfolio holdings for economic changes and changes to ratings of investments. As of June 30, 2024, the Authority had \$81,783,999 in an investment pool (Comerica J-Fund) that is not rated.

Fair Value Measurements

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

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

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

The Authority has the following recurring fair value measurements as of June 30, 2024:

- Negotiable certificates of deposit of \$8,481,224 are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of \$14,042,084 are valued using a matrix pricing model (Level 2 inputs).
- The fiduciary fund interest in pooled investments (MERS Total Market Portfolio) of \$146,517,778 is valued at net asset value per share.
- Interest in pooled investments (Comerica J-Fund) of \$81,783,999 is valued at net asset value per share.

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

The Comerica Investment Pool (Comerica J-Fund) is not registered with the SEC and does not issue a separate report. The fair value of the net position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost. There are no unfunded commitments or rules regarding redemption frequency or notice period.

**Note 4 - Grants Receivable**

At June 30, 2024 and 2023, grants receivable are composed of the following:

	2024	2023
Accounts receivable - Billed:		
Federal government grants	\$ 3,899,155	\$ 3,136,693
State of Michigan grants	11,502,928	10,974,438
Total billed	15,402,083	14,111,131
Accounts receivable - Unbilled:		
Federal government grants	21,990,044	47,844,447
State of Michigan grants	3,642,227	881,367
Local grants	2,129	2,575
Total unbilled	25,634,400	15,746,779
Total	\$ 41,036,483	\$ 62,839,520



# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 5 - Capital Assets

Capital asset activity during the fiscal year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 3,473,174	\$ -	\$ -	\$ -	\$ 3,473,174
Construction in progress	26,359,446	(30,156,465)	20,086,358	-	16,289,339
Trademark	5,000	-	-	-	5,000
Subtotal	29,837,620	(30,156,465)	20,086,358	-	19,767,513
Capital assets being depreciated:					
Fixed-route buses and equipment	125,646,130	15,000	-	-	125,661,130
Connector buses and related equipment	82,511,851	9,826,072	-	(306,946)	92,030,977
Buildings and improvements	50,277,507	13,726,823	12,687	-	64,017,017
Office furnishings and equipment	2,363,756	-	-	-	2,363,756
Other equipment	89,782,553	6,588,570	393,634	-	96,764,757
Leasehold improvements	8,316,895	-	-	-	8,316,895
Right-to-use asset - Building space	4,225,737	-	-	-	4,225,737
Subtotal	363,124,429	30,156,465	406,321	(306,946)	393,380,269
Accumulated depreciation:					
Fixed-route buses and equipment	55,131,293	-	9,241,936	-	64,373,229
Connector buses and related equipment	60,161,798	-	6,631,279	(306,946)	66,486,131
Buildings and improvements	39,992,729	-	1,198,484	-	41,191,213
Office furnishings and equipment	2,180,763	-	36,793	-	2,217,556
Other equipment	72,486,773	-	4,635,271	-	77,122,044
Leasehold improvements	7,549,014	-	175,781	-	7,724,795
Right-to-use asset - Building space	1,292,313	-	528,380	-	1,820,693
Subtotal	238,794,683	-	22,447,924	(306,946)	260,935,661
Net capital assets being depreciated	124,329,746	30,156,465	(22,041,603)	-	132,444,608
Net capital assets	\$ 154,167,366	\$ -	\$ (1,955,245)	\$ -	\$ 152,212,121

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 5 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 3,473,174	\$ -	\$ -	\$ -	\$ 3,473,174
Construction in progress	19,957,031	(5,066,550)	11,539,355	(70,390)	26,359,446
Trademark	5,000	-	-	-	5,000
Subtotal	23,435,205	(5,066,550)	11,539,355	(70,390)	29,837,620
Capital assets being depreciated:					
Fixed-route buses and equipment	123,194,280	2,451,850	-	-	125,646,130
Connector buses and related equipment	82,990,948	243,845	-	(722,942)	82,511,851
Buildings and improvements	50,106,437	171,070	-	-	50,277,507
Office furnishings and equipment	2,363,756	-	-	-	2,363,756
Other equipment	87,582,768	2,199,785	-	-	89,782,553
Leasehold improvements	8,316,895	-	-	-	8,316,895
Right-to-use asset - Building space	2,660,182	-	1,565,555	-	4,225,737
Subtotal	357,215,266	5,066,550	1,565,555	(722,942)	363,124,429
Accumulated depreciation:					
Fixed-route buses and equipment	45,865,263	-	9,266,030	-	55,131,293
Connector buses and related equipment	54,359,432	-	6,525,308	(722,942)	60,161,798
Buildings and improvements	39,021,572	-	971,157	-	39,992,729
Office furnishings and equipment	2,134,655	-	46,108	-	2,180,763
Other equipment	68,275,021	-	4,211,752	-	72,486,773
Leasehold improvements	7,368,134	-	180,880	-	7,549,014
Right-to-use asset - Building space	733,844	-	558,469	-	1,292,313
Subtotal	217,757,921	-	21,759,704	(722,942)	238,794,683
Net capital assets being depreciated	139,457,345	5,066,550	(20,194,149)	-	124,329,746
Net capital assets	\$ 162,892,550	\$ -	\$ (8,654,794)	\$ (70,390)	\$ 154,167,366

The eligible depreciation for fiscal year 2024 of \$551,106 (\$22,447,924 total depreciation reported less ineligible depreciation of \$21,896,818) includes only depreciation of assets purchased with local funds where the useful life of the asset purchased has been approved by the Office of Passenger Transportation (OPT).

**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	\$ 20,285,248	\$ 1,061,872
Building construction	6,817,471	8,020,295
Bus shelters	250,734	524,267
Software	3,093,445	2,028,521
Communication boards	3,540,058	299,060
Bus components	3,520,939	1,253,978
Total	<u>\$ 37,507,895</u>	<u>\$ 13,187,993</u>

**Note 6 - Property Taxes**

In November 2022, Wayne and Macomb counties had property tax millages approved as follows: Wayne County was approved at 0.994 mills for four years from 2022-2025, and Macomb County was approved at 0.95 mills for five years from 2022-2026. These millages were levied and collected in 2023. In February 2023, Oakland County and SMART established an Interlocal Public Transportation Agreement. The agreement stated Oakland County will continue to provide a foundation of \$31.6 million in millage funding per year to SMART to preserve services that were in place as of December 31, 2022, as well as an additional \$10.1 million in millage funding for expanded services. In November 2023, the Interlocal Public Transportation Agreement was amended. The amendment resulted in a 7% increase for inflation (\$33.8 million foundation) with no additional funding for expanded services beyond the initial \$10.1 million. Agreement will be negotiated on an annual basis. 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, 2024 and 2023, totaled \$74,892,498 and \$87,814,682, respectively.

**Note 7 - Community Support and Purchase of Service**

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

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 7 - Community Support and Purchase of Service (Continued)

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

	<u>2024</u>	<u>2023</u>
Purchased transportation:		
Community-based services	\$ 495,000	\$ 195,000
Community credits	4,320,647	4,114,900
Community transit bus service	<u>328,000</u>	<u>328,000</u>
Total purchased transportation	5,143,647	4,637,900
Pass-through community support:		
Municipal credits	3,261,080	3,261,080
Specialized services	1,782,435	922,292
JARC and New Freedom	2,319,584	2,727,695
Royal Oak Township	11,331	11,751
Community transit bus service	6,022,367	3,318,258
CARES Act	<u>423,843</u>	<u>993,394</u>
Total purchase of service	<u>13,820,640</u>	<u>11,234,470</u>
Total	<u>\$ 18,964,287</u>	<u>\$ 15,872,370</u>

### Note 8 - Long-term Liabilities

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Accumulated compensated absences	\$ 3,595,700	\$ 3,152,889	\$ (2,746,011)	\$ 4,002,578	\$ 3,723,898
Lease liability (Note 15)	3,019,879	-	(493,566)	2,526,313	493,567
Total long-term debt	<u>\$ 6,615,579</u>	<u>\$ 3,152,889</u>	<u>\$ (3,239,577)</u>	<u>\$ 6,528,891</u>	<u>\$ 4,217,465</u>

Activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Accumulated compensated absences	\$ 3,499,649	\$ 2,612,571	\$ (2,516,520)	\$ 3,595,700	\$ 3,379,958
Lease liability (Note 15)	1,973,198	1,529,350	(482,669)	3,019,879	493,567
Total long-term debt	<u>\$ 5,472,847</u>	<u>\$ 4,141,921</u>	<u>\$ (2,999,189)</u>	<u>\$ 6,615,579</u>	<u>\$ 3,873,525</u>

### 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).

**Note 9 - Risk Management (Continued)**

In fiscal years 2024 and 2023, 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, 2024.

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.

	2024	2023	2022
Claims liability - July 1	\$ 15,506,720	\$ 14,597,317	\$ 14,166,379
Incurred claims - Current year, including adjustments to IBNR	5,717,460	8,369,997	5,906,962
Claim payments	(8,577,495)	(7,460,594)	(5,476,024)
Claims liability - June 30	<u>\$ 12,646,685</u>	<u>\$ 15,506,720</u>	<u>\$ 14,597,317</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, 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 supplementary information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, 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 and UAW employees hired prior to February 1, 2024, and Teamsters, AFSCME, and nonunion employees hired prior to September 1, 2024.

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

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

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

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

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

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms as of December 31, 2023:

Inactive plan members or beneficiaries currently receiving benefits	1,000
Inactive plan members entitled to but not yet receiving benefits	132
Active plan members	749
	<hr/>
Total employees covered by the plan	1,881
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**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, 2024, the average active employee contribution rate was 4.50 percent of annual pay, and the Suburban Mobility Authority for Regional Transportation's average contribution rate was 21.69 percent of annual payroll. For the fiscal year ended June 30, 2024, the Authority made additional contributions of approximately \$51,000,000.

**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, 2024 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, 2023 measurement date. The December 31, 2023 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2024 and 2023

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

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2022</b>	\$ 304,237,795	\$ 227,606,673	\$ 76,631,122
Changes for the year:			
Service cost			4,780,943
Interest			21,501,809
Differences between expected and actual experience			(1,192,968)
Changes in assumptions			2,138,171
Contributions - Employer			(5,173,152)
Contributions - Employee			(2,077,906)
Net investment Income			(25,360,930)
Benefit payments, including refunds			-
Administrative expenses			528,856
<b>Net changes</b>			<b>(4,855,177)</b>
<b>Balance at December 31, 2023</b>	<b>\$ 311,362,506</b>	<b>\$ 239,586,561</b>	<b>\$ 71,775,945</b>

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

For the year ended June 30, 2024, the Authority recognized pension expense of \$10,044,619.

At June 30, 2024, 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	\$ -	\$ 596,483
Changes in assumptions	1,069,086	-
Net difference between projected and actual earnings on pension plan investments	12,740,260	-
Employer contributions to the plan subsequent to the measurement date	60,000,000	-
<b>Total</b>	<b>\$ 73,809,346</b>	<b>\$ 596,483</b>

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 December 31, 2023, but before June 30, 2024 in the amount of \$60,000,000, which will impact the net pension liability in fiscal year 2025 rather than pension expense.

Years Ending June 30	Amount
2025	\$ 2,649,556
2026	4,847,755
2027	7,584,453
2028	(1,868,901)

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

**Actuarial Assumptions**

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases (including inflation)	3.00%
Investment rate of return (gross of investment expenses)	7.18%

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

Preretirement Mortality:

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

Nondisabled retired plan members and beneficiaries:

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

Disabled retired plan members:

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

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010. All assumptions used, except for investment rate of return, are based on actuarial study conducted for the period from 2014-2018.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.18 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

**Projected Cash Flows**

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



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

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, 2023, the measurement date, for each major asset class are summarized in the following table:

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

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

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.18 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.18%)	Current Discount Rate (7.18%)	1 Percentage Point Increase (8.18%)
Net pension liability of the Suburban Mobility Authority for Regional Transportation	\$ 105,257,489	\$ 71,775,945	\$ 43,443,261

**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.

**Assumption Changes**

With the most recent valuation, the assumed rate of return decreased from 7.25 percent to 7.18 percent.

**Note 11 - Defined Contribution Postemployment Benefits**

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

June 30, 2024 and 2023

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

During the years ended June 30, 2024 and 2023, the Authority made contributions of \$1,060,317 and \$787,770, respectively, to the plan.

**Note 12 - Other Postemployment Benefit Plan**

***Plan Description***

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

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

SMART and the Municipal Employees' Retirement System separately issue public financial reports that include financial statements and required supplementary 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).

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

***Benefits Provided***

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

***Employees Covered by Benefit Terms***

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

The following members were covered by the benefit terms as of December 31, 2022:

Inactive plan members or beneficiaries currently receiving benefits	689
Active plan members	723
	<hr/>
Total plan members	1,412
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**Note 12 - Other Postemployment Benefit Plan (Continued)**

**Contributions**

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

SMART union and nonunion retirees who retire after January 6, 2012 also contribute a portion of their monthly retirement benefit to fund monthly health care premium payments made by SMART. For the fiscal year ended June 30, 2024, SMART paid postemployment health care benefit premiums and administrative costs of \$6,271,889. In addition, SMART also contributed \$23,999,999 into its prefunded retiree health care fund and paid \$263,690 of administrative OPEB investment costs from the retiree health care fund.

**Net OPEB Liability (Asset)**

The Authority has chosen to use the June 30, 2024 measurement date as its measurement date for the net OPEB asset. The June 30, 2024 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2024 measurement date. The June 30, 2024 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022, which used update procedures to roll forward the estimated liability (asset) to June 30, 2024.

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

Changes in Net OPEB Liability (Asset)	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
<b>Balance at July 1, 2023</b>	\$ 128,545,740	\$ 110,526,554	\$ 18,019,186
Changes for the year:			
Service cost	514,915	-	514,915
Interest	8,796,708	-	8,796,708
Differences between expected and actual experience	(1,773,212)	-	(1,773,212)
Contributions - Employer	-	30,271,888	(30,271,888)
Net investment income	-	12,254,915	(12,254,915)
Benefit payments, including refunds	(6,271,889)	(6,271,889)	-
Administrative expenses	-	(263,690)	263,690
<b>Net changes</b>	<b>1,266,522</b>	<b>35,991,224</b>	<b>(34,724,702)</b>
<b>Balance at June 30, 2024</b>	<b>\$ 129,812,262</b>	<b>\$ 146,517,778</b>	<b>\$ (16,705,516)</b>

The plan's fiduciary net position represents 112.87 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, 2024, the Authority recognized an OPEB cost recovery of \$13,589,215.

June 30, 2024 and 2023

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

At June 30, 2024, 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	\$ -	\$ 23,889,074
Changes in assumptions	2,954,088	10,345,947
Net difference between projected and actual earnings on OPEB plan investments	-	1,596,021
<b>Total</b>	<b>\$ 2,954,088</b>	<b>\$ 35,831,042</b>

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
2025	\$ (14,499,044)
2026	(8,086,720)
2027	(8,192,200)
2028	(2,048,850)
2029	(50,141)

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases for individual members based on age, including a base increase of 3.00 percent for all years and a merit/seniority increase of 0.00 to 6.70 percent; an investment rate of return (net of investment expenses) of 7.00 percent; a health care cost trend rate of 7.00 percent, decreasing for 11 years to an ultimate rate of 3.50 percent; and the sex-distinct Pub-2010 mortality tables with future assumed mortality improvements using scale MP-2019. These assumptions were applied to all periods included in the measurement.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00 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), 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, 2024 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

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

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

The following presents the net OPEB asset of the Authority, calculated using the discount rate of 7.00 percent, as well as what the Authority's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability (asset) of the Municipal Employees' Retirement System of Michigan	\$ (2,595,962)	\$ (16,705,516)	\$ (28,595,448)

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

The following presents the net OPEB asset of the Authority, calculated using the health care cost trend rate of 7.50 percent, as well as what the Authority's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.50%)	Current Health Care Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability (asset) of the Municipal Employees' Retirement System of Michigan	\$ (30,200,380)	\$ (16,705,516)	\$ (750,976)

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

**Investment Policy**

The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board’s adopted asset allocation policy as of June 30, 2024:

**Municipal Employees' Retirement System of Michigan**

Asset Class	Target Allocation
Global equity	60.00 %
Global fixed income	20.00
Private investments	20.00
Total	100.00 %

**Rate of Return**

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 10.28 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 13 - Contingent Liabilities**

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

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

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Any capital funds used to pay operating costs have been subtracted from eligible costs, which included \$0 and \$4.9 million of preventive maintenance in 2024 and 2023, respectively. Also, any expenses associated with earned revenue, of which SMART had none in 2024 and 2023, would be subtracted from eligible costs.

**Note 15 - Leases**

The Authority leases building space, parking spaces, and bus batteries from third parties. Payments are fixed monthly. Lease asset activity of the Authority is included in Note 5.

Future principal and interest payment requirements related to the Authority's lease liability at June 30, 2024 are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 501,816	\$ 43,795	\$ 545,611
2026	508,770	36,841	545,611
2027	520,168	29,736	549,904
2028	175,368	23,477	198,845
2029	161,960	23,040	185,000
2030-2034	658,231	41,769	700,000
<b>Total</b>	<b>\$ 2,526,313</b>	<b>\$ 198,658</b>	<b>\$ 2,724,971</b>

The Authority leases land to various third parties. Payments are generally fixed monthly with escalation over the term of the lease. During the years ended June 30, 2024 and 2023, the Authority recognized approximately \$30,000 and \$60,000, respectively, of revenue from leases, including interest.

**Note 16 - Defined Contribution Pension Plan**

The Authority sponsors a 401(a) plan for eligible employees hired after February 1, 2024, for ATU and UAW 771. Additionally, the plan is available to eligible employees hired after September 1, 2024, for Teamsters, AFSCME, and nonunion employees. The specific eligibility for each group is determined by their employment contracts. The plan provides for the Authority to make an annual contribution in the amount of 6% of the Employees total pensionable compensation (including and not limited to wages, overtime, vacation, personal leave time, and sick usage for the calendar year to the 401(a) plan). Employees will also be required to contribute 3.0% of total compensation (including but not limited to wages, overtime, vacation, personal leave time, and sick time usage) to MERS. The plan change will not affect any current SMART employees represented by ATU Local 1564. The Authority's contributions to the plan totaled \$23,773 and \$0 for the years ended June 30, 2024, and 2023, respectively. Employees contributed \$11,663 and \$0 in 2024 and 2023.

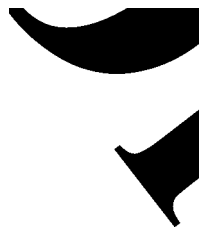
The Authority's contribution to the 401(a) plan shall vest as follows:

<u>Months of Service</u>	<u>Vesting Level (percent only)</u>
12	20 %
24	40
36	60
48	80
60	100

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## Required Supplementary Information

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## Suburban Mobility Authority for Regional Transportation

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

Last Ten Years  
Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 4,780,943	\$ 4,435,172	\$ 3,881,625	\$ 4,510,489	\$ 4,502,393	\$ 4,468,876	\$ 4,143,547	\$ 3,891,466	\$ 3,819,202	\$ 3,701,095
Interest	21,501,809	20,970,409	21,012,969	19,888,505	19,885,440	19,353,007	19,005,207	18,585,805	17,695,500	17,072,926
Differences between expected and actual experience	(1,192,968)	1,437,986	(3,593,770)	966,309	(2,768,704)	(870,763)	(3,478,232)	(2,515,718)	99,715	-
Changes in assumptions	2,138,171	-	10,047,909	7,535,899	8,381,719	-	-	-	10,351,934	-
Benefit payments, including refunds	(20,103,244)	(19,270,348)	(18,459,581)	(17,122,807)	(16,641,264)	(15,806,604)	(15,337,264)	(14,527,892)	(13,643,308)	(12,930,124)
<b>Net Change in Total Pension Liability</b>	<b>7,124,711</b>	<b>7,573,219</b>	<b>12,889,152</b>	<b>15,778,395</b>	<b>13,359,584</b>	<b>7,144,516</b>	<b>4,333,258</b>	<b>5,433,661</b>	<b>18,323,043</b>	<b>7,843,897</b>
<b>Total Pension Liability - Beginning of year</b>	<b>304,237,795</b>	<b>296,664,576</b>	<b>283,775,424</b>	<b>267,997,029</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>211,559,070</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 311,362,506</b>	<b>\$ 304,237,795</b>	<b>\$ 296,664,576</b>	<b>\$ 283,775,424</b>	<b>\$ 267,997,029</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	\$ 5,173,153	\$ 15,146,136	\$ 16,218,042	\$ 12,117,144	\$ 13,368,558	\$ 8,165,009	\$ 16,522,752	\$ 15,725,356	\$ 5,096,203	\$ 4,675,271
Contributions - Employee	2,077,905	2,045,700	1,920,194	2,067,490	2,013,938	1,972,003	1,750,206	1,650,588	1,627,578	1,600,418
Net investment (loss) income	25,360,930	(28,599,214)	31,018,133	28,663,528	24,557,841	(7,496,684)	23,044,677	17,449,806	(2,305,957)	9,705,285
Administrative expenses	(528,856)	(476,924)	(367,088)	(407,927)	(423,144)	(373,896)	(364,112)	(348,853)	(340,843)	(355,364)
Benefit payments, including refunds	(20,103,244)	(19,270,348)	(18,459,581)	(17,122,807)	(16,641,264)	(15,806,604)	(15,337,264)	(14,527,892)	(13,643,308)	(12,930,124)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>11,979,888</b>	<b>(31,154,650)</b>	<b>30,329,700</b>	<b>25,317,428</b>	<b>22,875,929</b>	<b>(13,540,172)</b>	<b>25,616,259</b>	<b>19,949,005</b>	<b>(9,566,327)</b>	<b>2,695,486</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>227,606,673</b>	<b>258,761,323</b>	<b>228,431,623</b>	<b>203,114,195</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>155,084,015</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 239,586,561</b>	<b>\$ 227,606,673</b>	<b>\$ 258,761,323</b>	<b>\$ 228,431,623</b>	<b>\$ 203,114,195</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>\$ 71,775,945</b>	<b>\$ 76,631,122</b>	<b>\$ 37,903,253</b>	<b>\$ 55,343,801</b>	<b>\$ 64,882,834</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>	76.95 %	74.81 %	87.22 %	80.50 %	75.79 %	70.78 %	78.30 %	69.16 %	62.35 %	71.91 %
<b>Covered Payroll</b>	\$ 48,180,722	\$ 44,463,919	\$ 41,411,960	\$ 45,036,165	\$ 44,836,035	\$ 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>	148.97 %	172.34 %	91.53 %	122.89 %	144.71 %	169.66 %	133.63 %	202.74 %	243.02 %	175.53 %

Schedule is built prospectively upon implementation of GASB 68.

## Suburban Mobility Authority for Regional Transportation

### Required Supplementary Information Schedule of Pension Contributions

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 8,869,644	\$ 9,571,368	\$ 9,147,144	\$ 7,966,477	\$ 8,212,548	\$ 7,033,464	\$ 6,522,752	\$ 5,725,357	\$ 5,096,203	\$ 4,788,752
Contributions in relation to the actuarially determined contribution	60,000,000	10,294,148	17,576,710	15,986,477	13,199,457	8,165,009	16,522,752	15,725,357	5,096,203	4,788,752
<b>Contribution Excess</b>	<b>\$ 51,130,356</b>	<b>\$ 722,780</b>	<b>\$ 8,429,566</b>	<b>\$ 8,020,000</b>	<b>\$ 4,986,909</b>	<b>\$ 1,131,545</b>	<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 50,790,489</b>	<b>\$ 45,442,353</b>	<b>\$ 45,582,462</b>	<b>\$ 42,005,571</b>	<b>\$ 44,268,897</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>Contributions as a Percentage of Covered Payroll</b>	<b>118.13 %</b>	<b>22.65 %</b>	<b>38.56 %</b>	<b>38.06 %</b>	<b>29.82 %</b>	<b>18.62 %</b>	<b>41.10 %</b>	<b>42.51 %</b>	<b>13.84 %</b>	<b>13.64 %</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	16 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	3.00 percent - Including inflation
Investment rate of return	6.93 percent - Net of pension plan investment expense, including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Juvenile and PubG-2010 Employee and Healthy Retiree
Other information	None

## Suburban Mobility Authority for Regional Transportation

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

	<b>Last Six Fiscal Years Years Ended June 30</b>						
	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service cost	\$ 514,915	\$ 776,079	\$ 1,006,225	\$ 1,414,989	\$ 1,676,593	\$ 1,499,372	\$ 1,672,442
Interest	8,796,708	8,611,998	8,490,468	9,971,568	9,808,385	11,539,771	11,264,428
Differences between expected and actual experience	(1,773,212)	(17,265,224)	(992,549)	(42,262,549)	(1,297,425)	(27,059,480)	(321,657)
Changes in assumptions	-	(16,924,200)	-	11,001,181	-	22,428,697	-
Benefit payments, including refunds	(6,271,889)	(5,693,299)	(6,665,578)	(7,034,223)	(7,145,341)	(8,249,942)	(8,335,309)
<b>Net Change in Total OPEB Liability</b>	1,266,522	(30,494,646)	1,838,566	(26,909,034)	3,042,212	158,418	4,279,904
<b>Total OPEB Liability - Beginning of year</b>	128,545,740	159,040,386	157,201,820	184,110,854	181,068,642	180,910,224	176,630,320
<b>Total OPEB Liability - End of year</b>	<b>\$ 129,812,262</b>	<b>\$ 128,545,740</b>	<b>\$ 159,040,386</b>	<b>\$ 157,201,820</b>	<b>\$ 184,110,854</b>	<b>\$ 181,068,642</b>	<b>\$ 180,910,224</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 30,271,888	\$ 8,187,899	\$ 16,565,578	\$ 17,183,823	\$ 13,445,341	\$ 13,999,942	\$ 13,553,709
Net investment income (loss)	12,254,915	7,605,774	(8,775,581)	20,344,183	1,564,171	1,800,508	3,672,021
Administrative expenses	(263,690)	(192,065)	(184,962)	(150,145)	(117,883)	(118,940)	(122,336)
Benefit payments, including refunds	(6,271,889)	(5,693,299)	(6,665,578)	(7,034,223)	(7,145,341)	(8,249,942)	(8,335,309)
<b>Net Change in Plan Fiduciary Net Position</b>	35,991,224	9,908,309	939,457	30,343,638	7,746,288	7,431,568	8,768,085
<b>Plan Fiduciary Net Position - Beginning of year</b>	110,526,554	100,618,245	99,678,788	69,335,150	61,588,862	54,157,294	45,389,209
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 146,517,778</b>	<b>\$ 110,526,554</b>	<b>\$ 100,618,245</b>	<b>\$ 99,678,788</b>	<b>\$ 69,335,150</b>	<b>\$ 61,588,862</b>	<b>\$ 54,157,294</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ (16,705,516)</b>	<b>\$ 18,019,186</b>	<b>\$ 58,422,141</b>	<b>\$ 57,523,032</b>	<b>\$ 114,775,704</b>	<b>\$ 119,479,780</b>	<b>\$ 126,752,930</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)</b>	112.87 %	85.98 %	63.27 %	63.41 %	37.66 %	34.01 %	29.94 %
<b>Covered-employee Payroll</b>	\$ 63,052,696	\$ 57,180,553	\$ 62,948,686	\$ 58,357,225	\$ 55,369,846	\$ 54,013,348	\$ 44,134,313
<b>Net OPEB Liability (Asset) as a Percentage of Covered-employee Payroll</b>	(26.49)%	31.51 %	92.81 %	98.57 %	207.29 %	221.20 %	287.20 %

Schedule is built prospectively upon implementation of GASB 75.

## Suburban Mobility Authority for Regional Transportation

### Required Supplementary Information Schedule of OPEB Contributions

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,691,554	\$ 6,494,557	\$ 6,637,149	\$ 10,915,002	\$ 11,119,377	\$ 13,305,693	\$ 13,486,227	\$ 13,048,354	\$ 13,232,377	\$ 11,175,415
Contributions in relation to the actuarially determined contribution	30,271,888	8,187,899	16,565,578	17,183,823	13,445,341	13,999,942	13,553,709	14,273,710	12,955,318	11,621,453
<b>Contribution Excess (Deficiency)</b>	<b>\$ 25,580,334</b>	<b>\$ 1,693,342</b>	<b>\$ 9,928,429</b>	<b>\$ 6,268,821</b>	<b>\$ 2,325,964</b>	<b>\$ 694,249</b>	<b>\$ 67,482</b>	<b>\$ 1,225,356</b>	<b>\$ (277,059)</b>	<b>\$ 446,038</b>
<b>Covered-employee Payroll</b>	<b>\$ 63,052,696</b>	<b>\$ 57,180,553</b>	<b>\$ 62,948,686</b>	<b>\$ 58,357,225</b>	<b>\$ 55,369,846</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>Contributions as a Percentage of Covered-employee Payroll</b>	<b>48.01 %</b>	<b>14.32 %</b>	<b>26.32 %</b>	<b>29.45 %</b>	<b>24.28 %</b>	<b>25.92 %</b>	<b>30.71 %</b>	<b>38.75 %</b>	<b>35.17 %</b>	<b>33.10 %</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 31 of even numbered years, which is six months prior to the beginning of the fiscal year biennium in which contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	21 years - Closed
Asset valuation method	Market value of assets
Inflation	2.50 percent
Health care cost trend rates	Initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent in year 12
Salary increase	Increases 3.00 percent to 9.70 percent
Investment rate of return	5.50 percent - Net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Sex-distinct Pub-2010 mortality tables
Other information	There were no benefit changes reported during the year

## Suburban Mobility Authority for Regional Transportation

### Required Supplementary Information Schedule of OPEB Investment Returns

**Last Seven Fiscal Years  
Years Ended June 30**

	2024	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return - Net of investment expense	10.28 %	7.47 %	(8.23)%	28.12 %	2.32 %	3.09 %	7.68 %

Schedule is built prospectively upon implementation of GASB 74.

# Suburban Mobility Authority for Regional Transportation

## Notes to Required Supplementary Information

June 30, 2024 and 2023

### **Pension Information**

#### **Changes in Assumptions**

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

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

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

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

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

Amounts report in 2024 reflect an updated investment rate of return (gross of investment expenses) and discount rate from 7.25 percent to 7.18 percent.

### **OPEB Information**

#### **Changes in Assumptions**

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

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

Amounts reported in 2023 reflect an increase in the assumed rate of return from 5.50 percent to 7.00 percent.

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## Supplementary Information

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# Suburban Mobility Authority for Regional Transportation

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**Federal Awards Supplemental Information**  
**June 30, 2024**



### Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

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

<b>Schedule of Expenditures of Federal Awards</b>	1
<b>Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards</b>	2
<b>Notes to Schedule of Expenditures of Federal Awards</b>	3
<b>Schedule of Findings and Questioned Costs</b>	4-6

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

**Independent Auditor's Report**

To the Board of Directors  
Suburban Mobility Authority for Regional Transportation

We have audited the financial statements of the business-type and fiduciary activities of Suburban Mobility Authority for Regional Transportation (the "Authority ") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority 's basic financial statements. We issued our report thereon dated December 5, 2024, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 5, 2024.

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

December 5, 2024

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

**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type and fiduciary activities of Suburban Mobility Authority for Regional Transportation (the "Authority ") as of and for the year ended June 30, 2024 and the related notes to the basic financial statements, which collectively comprise the Authority 's basic financial statements and have issued our report thereon dated December 5, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weaknesses.

**Report on Compliance and Other Matters**

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

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

### **The Authority 's Response to the Findings**

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

### **Purpose of this Report**

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

December 5, 2024

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

**Independent Auditor's Report**

To the Board of Directors  
Suburban Mobility Authority for Regional Transportation

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

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

We have audited Suburban Mobility Authority for Regional Transportation's (the "Authority ") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Authority 's major federal program for the year ended June 30, 2024. The Authority 's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

To the Board of Directors  
Suburban Mobility Authority for Regional Transportation

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

To the Board of Directors  
Suburban Mobility Authority for Regional Transportation

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

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

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

December 5, 2024

**Suburban Mobility Authority for Regional Transportation**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2024**

Federal Agency/Pass-through Agency/Program Title	Identifying Number	ALN Number	Pass-through Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
<b>Clusters:</b>					
U.S. Department of Transportation - Direct programs:					
Federal Transit Cluster - Federal Transit - Formula Grants:					
COVID-19 - CRRSAA Operating Assistance FY21		20.507		423,838	423,838
Capital Assistance FY13-14-15	N/A	20.507		35,712	37,987
Capital Assistance FY21-22		20.507		53,249	53,249
Capital Assistance FY21-22		20.507		1,051,079	1,051,079
Capital Assistance FY21-22		20.507		-	5,399,739
Capital Assistance FY16	I-2016-025-	20.507		-	763,572
Capital Assistance FY16	I-2016-025-	20.507		-	416,701
Operating Assistance (Monroe) FY23	I-2020-061-	20.507		233,520	233,520
Operating Assistance (Monroe) FY24	I-2020-061-	20.507		331,900	331,900
COVID-19 - Capital Assistance FY20 CARES	I-2020-052-	20.507		-	845,392
Capital Assistance FY18-19	I-2018-018-	20.507		-	793,492
Capital Assistance FY20-21		20.507		129,282	699,242
Capital Assistance FY20-21		20.507		666,164	666,164
Capital Assistance FY20-21	N/A	20.507		-	<u>350,958</u>
<b>Total Federal Transit Cluster</b>				<b>2,924,744</b>	<b>12,066,833</b>
<b>Transit Services Programs Cluster:</b>					
Direct programs:					
Enhanced Mobility of Seniors and Individuals with Disabilities:					
5310 NEW FREEDOM CAPITAL	N/A	20.513		26,801	26,801
5310 NEW FREEDOM MOBILITY MANAGEMENT	N/A	20.513		-	271,242
5310 NEW FREEDOM CAPITAL	I-2016-018-	20.513		64,634	64,634
5310 NEW FREEDOM OPERATING	I-2016-018-	20.513		146,973	146,973
5310 NEW FREEDOM CAPITAL	I-2018-020-	20.513		67,034	67,034
5310 NEW FREEDOM OPERATING	I-2018-020-	20.513		154,350	154,350
5310 NEW FREEDOM MOBILITY MANAGEMENT	I-2018-020-	20.513		28,272	28,272
5310 NEW FREEDOM OPERATING	I-2020-032-	20.513		17,100	17,100
5310 NEW FREEDOM MOBILITY MANAGEMENT	I-2020-032-	20.513		1,977	1,977
5310 NEW FREEDOM CAPITAL	I-2020-032-	20.513		2,856,600	2,856,600
5310 NEW FREEDOM OPERATING	I-2020-032-	20.513		194,538	194,538
5310 NEW FREEDOM MOBILITY MANAGEMENT	I-2020-032-	20.513		201,064	201,064
SECTION 5310 - CAPITAL	N/A	20.513		1,490,186	1,490,186
SECTION 5310 - MOBILITY MANAGEMENT	017-0130 P2	20.513		199,829	199,829
5310 NEW FREEDOM OPERATING	I-2020-032-	20.513		254,292	254,292
5310 NEW FREEDOM OPERATING	I-2020-032-	20.513		573,641	573,641
CRRSAA OPERATING - SECTION 5310	N/A	20.513		224,427	224,427
Job Access and Reverse Commute Program:					
SECTION 5311 - LETC	N/A	20.516		80,957	80,957
JARC OPERATING		20.516		42,946	42,946
U.S. Department of Transportation - Pass-through programs from the State of Michigan Department of Transportation - Enhanced Mobility of Seniors and Individuals with Disabilities:					
OPERATING ASSIST. NOT- SEC 5310 (2023)		20.513	MI-2021-055-01	31,582	31,582
OPERATING ASSIST. NOT- SEC 5310 (2024)		20.513	MI-2023-037-00	140,808	140,808
Job Access and Reverse Commute Program:					
OPERATING ASSIST. LET- SEC 5311 (2023) (WOTA)		20.516	MI-2020-008-07	<u>91,202</u>	<u>91,202</u>
<b>Total Transit Services Programs Cluster</b>				<b>6,889,213</b>	<b>7,160,455</b>
U.S. Department of Transportation - Direct programs:					
FORMULA GRANTS FOR RURAL AREAS - SECTION 5311 - LETC		20.509		172,503	172,503
U.S. Department of Transportation - Pass-through programs from the State of Michigan Department of Transportation:					
FORMULA GRANTS FOR RURAL AREAS- OPERATING ASSIST. WOT- SEC 5311 (2024)		20.509	MI-2024-001	<u>295,092</u>	<u>295,092</u>
				467,595	467,595
U.S. Department of Transportation - Pass-through programs from the Southeast Michigan Council of Governments:					
HIGHWAY PLANNING AND RESEARCH- PLANNING & TECHNICAL STUDIES UWP PROGRAM	N/A	20.205	MI-80-X006	-	318,805
STATE PLANNING AND RESEARCH- PLANNING & TECHNICAL STUDIES SECTION 5303/5304		20.515	MI-2016-017-00/MI-2019-014-01	-	128,344
<b>Total expenditures of federal awards</b>				<b>\$ 10,281,552</b>	<b>\$ 20,142,032</b>



**Suburban Mobility Authority for Regional Transportation**

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

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**Year Ended June 30, 2024**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 4,215,524
Add federal portion of capital contributions - As reported on the financial statements	<u>15,926,508</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><b>\$ 20,142,032</b></u>



**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended June 30, 2024 and 2023**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Suburban Mobility Authority for Regional Transportation (the "Authority") under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

Expenditures reported in the Schedule are reported on the full accrual basis of accounting with the exception of amounts passed through to subrecipients, which are recorded on the cash basis of accounting in accordance with Uniform Guidance. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

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

**Suburban Mobility Authority for Regional Transportation**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2024**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?        Yes   X   None reported

**Federal Awards**

Internal control over major programs:

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
20.507	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?        Yes   X   No

# Suburban Mobility Authority for Regional Transportation

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2024-001	<p data-bbox="362 533 764 558"><b>Finding Type</b> - Material weakness</p> <p data-bbox="362 583 1484 640"><b>Criteria</b> - The Authority should have processes in place to ensure all transactions are recorded in accordance with generally accepted accounting principles.</p> <p data-bbox="362 665 1484 751"><b>Condition</b> - During the audit, the auditors identified an adjustment necessary to ensure the financial statements were presented in conformity with generally accepted accounting principles.</p> <p data-bbox="362 777 1484 953"><b>Context</b> - During fiscal year 2024, the Authority elected to apply approximately \$33 million of expenditures incurred in fiscal year 2023 to an available federal grant. While this is allowable under the grant, generally accepted accounting principles require the revenue to be recognized in the same period in which the eligible expenditures were incurred. Additionally, the related expenditures were initially reported on the 2024 SEFA but were subsequently removed in accordance with guidance.</p> <p data-bbox="362 978 1484 1035"><b>Cause</b> - The Authority's decision to draw down \$33 million of this COVID award was not made until after fiscal year 2023 was closed.</p> <p data-bbox="362 1060 1484 1178"><b>Effect</b> - As a result, it was too late to recognize the revenue in fiscal year 2023. As part of the 2024 audit, the 2023 ending net position needed to be restated in order to report fiscal year 2023 and 2024 as if the revenue had been recognized in fiscal year 2023 in accordance with generally accepted accounting principles.</p> <p data-bbox="362 1203 1484 1320"><b>Recommendation</b> - We recognize the unique nature of the COVID awards in terms of size and timing; however, to the extent possible, we recommend the Authority implement procedures to plan for the usage of federal revenue that allows revenue to be recognized in the same period in which the expenditures were incurred.</p> <p data-bbox="362 1346 1284 1365"><b>Views of Responsible Officials and Planned Corrective Actions</b> - Input text</p>

# Suburban Mobility Authority for Regional Transportation

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

### Section III - Federal Program Audit Findings

Reference Number	Finding
2024-002	<p><b>Assistance Listing, Federal Agency, and Program Name</b> - 20.507, Department of Transportation, Federal Transit Cluster</p> <p><b>Federal Award Identification Number and Year</b> - Various awards related to cluster noted above</p> <p><b>Pass-through Entity</b> - N/A</p> <p><b>Finding Type</b> - Material weakness and material noncompliance with laws and regulations</p> <p><b>Repeat Finding</b> - No</p> <p><b>Criteria</b> - Per 2 CFR 200.214 non-federal entities are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, as well as 2 CFR part 180. The regulations in 2 CFR part 180 restrict making Federal awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in Federal awards.</p> <p><b>Condition</b> - The Authority could not provide evidence that it performed a check to verify all subrecipients were not suspended or debarred.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Identification of How Questioned Costs Were Computed</b> - Not applicable</p> <p><b>Context</b> - The Authority had 16 subrecipient communities during fiscal year 2024 and could not provide evidence that the check for suspension and debarment was completed prior to entering a subrecipient agreements with two of the communities selected for testing.</p> <p><b>Cause and Effect</b> - The Authority did not retain evidence to support that they had conducted the search for whether a subrecipient was suspended or debarred prior to entering into a contract. Subsequently, we performed a search of sam.gov to verify that the subrecipients were not suspended or debarred, noting they were not.</p> <p><b>Recommendation</b> - We recommend the Authority strengthen its controls to ensure documentation is maintained to support that subrecipients are not suspended or debarred.</p> <p><b>Views of Responsible Officials and Corrective Action Plan</b> - Input text</p>

Insert Opinion Date

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

We have audited the financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the year ended June 30, 2024, and have issued our report thereon dated December XX, 2024. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Related Information

Section III - Legislative and Informational Items

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

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping SMART in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

Section III contains informational items that we believe will be of interest to you.

We would like to take this opportunity to thank SMART's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

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

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

Very truly yours,

**Plante & Moran, PLLC**

Pamela L. Hill

Keith Szymanski

Amy Tytar

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

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

As stated in our engagement letter dated June 26, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

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

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

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 23, 2024.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by SMART are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2024, except for the adoption of GASB 100, Accounting Changes and Error Corrections.

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

As described in Note 1, during 2024, SMART determined to request reimbursement under federal grants for expenditures incurred in a prior year and due to the timing of this decision it was not recorded as revenue of the Authority in fiscal year 2023. This was allowed under the grant. Therefore, federal operating and preventive maintenance assistance and net position were understated by \$33 million in business-type activities for the fiscal year ended June 30, 2023.

## Section II - Required Communications with Those Charged with Governance (Continued)

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

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

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

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

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

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

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

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

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

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

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements which included federal operating and preventative maintenance assistance revenue being understated in fiscal year 2023 by \$33 million and overstated in fiscal year 2024 by \$33 million.

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

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the SMART, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as SMART's auditors.



## Section II - Required Communications with Those Charged with Governance (Continued)

However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated **Insert Opinion Date**.

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

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

DRAFT

## **Section II - Other Recommendations and Related Information**

As part of our audit procedures, we occasionally come across items that we would consider to be best practices. Below are certain items we believe may merit further attention by SMART:

### **Agreements and Reporting with Community Partners**

During our agreed-upon procedures performed for various local units for the Municipal and Community Credits Program and the subrecipients of SMART's federal dollars, we noted multiple instances of local units not providing accurate or timely information to SMART. We recommend SMART follow up on the current year findings and go back to previous report findings to ensure the issues identified have been adequately corrected. We also recommend that SMART considers implementing additional review procedures over the information being submitted by local communities and subrecipients to ensure accuracy and compliance with contracts and federal requirements.

### **Internal Audit**

As we continue to look at best practice recommendations for SMART, we had noted that for an agency as large as SMART, it is a common practice to have a person or department that assists with internal controls, contract compliance, and operational best practices, etc. An internal audit role can offer that and much more in terms of benefits to the Authority. We understand that budget is always a key consideration for any additional position that is being added, and that this would be a management decision in terms of the value add versus the cost. We are happy to discuss the benefits of adding this position further with SMART if that would be helpful.

### **Grant Best Practices**

During our single audit procedures, we noted instances in which there was a significant lag between when expenditures were incurred and when the draw of grant funds ultimately took place, especially in relation to pass-through grant funds. We recommend SMART put in place a process to minimize the time between incurring and paying qualifying expenditures and submitting the draw request. This will help maximize revenue earned on cash on hand with the Authority.

Additionally, the FTA requires that recipients of federal dollars that pass-through money to other entities, such as SMART does to its community partners (CP), ensure that those other entities remit payment to their vendors on a timely basis for the amounts that were submitted to SMART for reimbursement. We noted that SMART does not consistently retain documentation that shows subrecipients have paid for the expenses that are being submitted for reimbursement. We recommend SMART consider working with subrecipients to ensure this documentation is reviewed and retained.

## Section III - Legislative and Informational Items

### **Inflation Reduction Act (IRA)**

Significant legislation was enacted in 2022 that has dramatically expanded the available tax credits, tax incentives, and other funding opportunities related to the green energy sector. Several of these are built on previously existing programs, but many are new and widely applicable. Additionally, new monetization options expand the benefits of tax credits for qualifying activities to public sector organizations like the Authority. The breadth of qualifying activities is significant, including, in most cases, the production of electricity; production of solar, wind, and energy equipment; installation of energy-efficient upgrades to businesses and homes; and the acquisition of electric vehicles (EVs) and charging equipment. We are happy to discuss any questions or potential tax credit opportunities with you, and please also feel free to visit our IRA tax credits articles and webinars at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/inflation-reduction-act-tax-credits>.

### **Monitoring Lease, SBITA, and PPP Activity**

GASB Statements No. 87, *Leases*; No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*; and No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements*, were effective in fiscal years 2022 and 2023. Although significant analyses were performed to determine the applicability of the new standards and record any necessary adjustments, we want to stress the importance of implementing ongoing monitoring procedures over lease, SBITA, and PPP activity. When the Authority enters into new leases, SBITAs, or PPPs; existing agreements are modified; or other facts and circumstances change, consideration must be given to the impact those changes will have on lease, SBITA, and PPP accounting. In order to do so, the Authority must ensure there is a process in place to identify and appropriately account for new leases, SBITAs, or PPPs or changes to existing agreements on an ongoing basis or at least at the end of each year.

### **Cybersecurity and Information Technology Controls**

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

## **Section III - Legislative and Informational Items (Continued)**

### **OMB Revisions to the Uniform Guidance**

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective for fiscal year ends beginning on October 1, 2024 and after. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key changes include the following:

- Increase the single audit threshold to \$1 million from \$750,000
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after

The changes are included in more detail within the federal register at <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>, and we are happy to discuss these changes with you.

### **Capitalization Thresholds**

The April 2024 Uniform Grants Guidance 2024 Revision described above resulted in the equipment threshold increasing from \$5,000 to \$10,000. This threshold applies to the value of equipment that at the end of the grant period may be retained, sold, or otherwise disposed of with no further responsibility to the Federal agency. In addition to considering this Uniform Guidance threshold related to federal grants compliance, it may be a good time for the Authority to reevaluate the capitalization thresholds. We are happy to assist you in thinking through considerations in evaluating these thresholds.

### **Other New Legislation**

#### ***Upcoming Accounting Standards Requiring Preparation***

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

#### ***GASB Statement No. 101 - Compensated Absences***

This new accounting pronouncement will be effective for fiscal years ending December 31, 2024 and after. The statement requires all compensated absences be reported under a new unified model that provides recognition and measurement guidance for all compensated absences that meet certain criteria. This is a major shift from the prior standards that provided different recognition and measurement guidance for vacation leave versus sick leave. Under the new standard, all compensated absences (with some exceptions like parental leave and military leave) that meet three criteria are to be recognized (accrued). The three criteria are (1) the absence accumulates, (2) the absence is attributed to services already performed, and (3) the absence is more likely than not to be either paid or settled through other means.

### **Section III - Legislative and Informational Items (Continued)**

A few of the more significant changes from prior guidance include the elimination of specific recognition criteria for sick leave (GASB 16's termination payment method and vesting method) in lieu of standard recognition criteria for all types of compensated absences that meet the criteria. In addition, the prior standards used the "probable criteria" as a measurement stick for recognition; GASB 101 lowers that threshold to more likely than not. More likely than not means a likelihood of more than 50 percent. Because GASB 101 does not prescribe the manner in which these leave liabilities are estimated once the criteria are met, organizations will have significant latitude in how these estimates are determined. Because of this, there may be additional reporting and additional disaggregation of historical employee leave usage information that may be required in order to come up with an accurate estimate of these liabilities. We strongly suggest the Authority start thinking about these changes now, brainstorm estimation methodologies, and begin gathering the necessary information in order to successfully adopt this new standard.

#### ***GASB Statement No. 102 - Certain Risk Disclosures***

This new accounting pronouncement will be effective for fiscal years ending June 30, 2025 and after. This statement requires a government to assess whether a concentration or constraint makes the primary government or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. It also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements.

#### ***GASB Statement No. 103 - Financial Reporting Model Improvements***

This new accounting pronouncement will be effective for fiscal years ending June 30, 2026 and after. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section.

#### ***Significant GASB Proposals Worth Watching***

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected sometime in 2025.

Plante & Moran, PLLC has spent significant time digesting this new proposed standard and recently testified to the GASB about our feedback. We strongly encourage the Authority to monitor developments with this standard, as the potential impact is quite broad.



MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: General Manager's Report





MEMORANDUM

TO: SMART Board of Directors

FROM: SMART Staff

DATE: December 5, 2024

SUBJECT: Board Briefings






MEMORANDUM

TO: SMART Board of Directors

FROM: SMART Staff

DATE: December 5, 2024

SUBJECT: Unfinished Business





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DATE:	December 5, 2024	DISPOSITION SOUGHT:	Board Approval
TO:	SMART Board of Directors	SUBMITTED BY:	VP of Safety
FROM:	VP of Safety	APPROVED BY:	General Manager

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SUBJECT: Approval of the Revised SMART Agency Safety Plan 2024

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## **RECOMMENDATION**

That the Board adopt the attached resolution approving the revised SMART Agency Safety Plan (ASP).

## **DISCUSSION:**

The Federal Transit Administration (FTA) requires that transit agencies annually update their Agency Safety Plan (ASP) by December 31st each year. The ASP, developed in collaboration with the SMART Safety Management System committee comprising an equal representation of frontline Union representatives and management, aims to achieve the following objectives:

- Minimize exposure to infectious diseases
- Reduce collisions and injuries
- Reduce visibility impairments for bus operators that contribute to vehicle & pedestrian accidents
- Mitigate assaults on transit workers by optimizing bus operator barrier technology

The revised SMART Agency Safety Plan has been updated to increase accountabilities, targets, and structures designed to ensure the safety of SMART systems, employees, and the public. The proposed plan has undergone a thorough review and received approval from the SMART Safety Management System Committee.

## **ATTACHMENT**

- Revised SMART Agency Safety Plan 2024
- Resolution



SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Approval of the Revised SMART Agency Safety Plan (ASP) 2024

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- Whereas, The Suburban Mobility Authority for Regional Transportation (SMART) is required by the Federal Transit Administration (FTA) to annually update its Agency Safety Plan (ASP) by December 31<sup>st</sup> each year; and
- Whereas, The ASP was developed in collaboration with the SMART Safety Management System committee comprising an equal representation of frontline Union representatives and management; and
- Whereas, The plan aims to minimize exposure to infectious diseases; reduce collisions and injuries; reduce visibility impairments for bus operators that contribute to vehicle & pedestrian accidents; and mitigate assaults on transit workers by optimizing bus operator barrier technology; and
- Whereas, The revised SMART Agency Safety Plan has been updated to increase accountabilities, targets, and structures designed to ensure the safety of SMART systems, employees, and the public; and
- Whereas, The proposed plan has undergone a thorough review and received approval from the SMART Safety Management System Committee; now, therefore be it
- Resolved, That the Suburban Mobility Authority for Regional Transportation Board of Directors approve the SMART Agency Safety Plan.

CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies that the foregoing is a true and correct copy of the resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation on December 5, 2024.

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Date

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Board Administrator

**SMART**  
**Public Transportation Agency Safety Plan**

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December 31, 2024

# 1. Transit Agency Information

<b>Transit Agency Name</b>	Suburban Authority for Regional Transportation (SMART)			
<b>Transit Agency Address</b>	535 Griswold St., Ste 600, Detroit, MI 48226			
<b>Name and Title of Accountable Executive</b>	Dwight Ferrell			
<b>Name of Chief Safety Officer or SMS Executive</b>	Amie May			
<b>Mode(s) of Service Covered by This Plan</b>	MB/DO DR/DO	<b>List All FTA Funding Types (e.g., 5307, 5337, 5339)</b>	5307, 5309, 5310, 5339	
<b>Mode(s) of Service Provided by the Transit Agency (Directly operated or contracted service)</b>	MB/DO DR/DO DR/PT (Subrecipients, managed via SMART oversight procedures and State of Michigan)			
<b>Does the agency provide transit services on behalf of another transit agency or entity?</b>	Yes <input type="checkbox"/>	No X	<b>Description of Arrangement(s)</b>	N/A
<b>Name and Address of Transit Agency(ies) or Entity(ies) for Which Service Is Provided</b>	N/A			

## 2. Plan Development, Approval, and Updates

<b>Name of Entity That Drafted This Plan</b>	Suburban Mobility Authority for Regional Transportation (SMART)	
<b>Signature by the Accountable Executive</b>	<b>Signature of Accountable Executive</b>	<b>Date of Signature</b>
<b>Approval by the Board of Directors or an Equivalent Authority</b>	<b>Name of Individual/Entity That Approved This Plan</b>	<b>Date of Approval</b>
	SMART Board of Directors	
	<b>Relevant Documentation (Title and Location)</b>	
	A copy of the Board Resolution approving the Agency Safety Plan is maintained on file by Chief Safety Officer.	

<b>Version Number and Updates</b>			
<i>Record the complete history of successive versions of this plan.</i>			
<b>Version Number</b>	<b>Section/Pages Affected</b>	<b>Reason for Change</b>	<b>Date Issued</b>
1	--	New Document	12/10/2020
2	3,4,8,12,23 & affected sections	Update FTA & Bipartisan Infrastructure Law Requirements	12/31/2022
3	2,4	New Chief Safety Officer, Update Safety Performance Targets	12/31/2023
4	2,4,6	Update Safety Performance Targets, Accountable Executive, Chair Board of Directors	12/31/2024

<b>Annual Review and Update of the Agency Safety Plan</b>
SMART's Chief Safety Officer will coordinate the annual review and update of the ASP, beginning with a notification to all departments and Union leadership by March 1 of each year that they must review and provide any update recommendations to the ASP. The ASP review and update will be completed before December 31 of each year.

### 3. Safety Performance Targets

#### Safety Performance Targets

*Specify performance targets based on the safety performance measures established under the National Public Transportation Safety Plan.*

SMART's established safety performance targets for the period January 1, 2025, through December 31, 2025, are based on our review of the last three (3) years of SMART's safety performance data, vehicle revenue miles (VRM), and major mechanical system failures fatalities and injuries reported to the National Transit Database (NTD).

Mode of Transit Service	Fatalities Total	Fatalities /1M miles	Injuries Total	Injuries /1M miles	Safety Events Total	Safety Events /1M Miles	Mean Dist. Between Major Failures
Fixed Route	0	0	36.33	< 3.86	30	< 3.18	> 6,027
Connector	0	0	7.33	< 2.9	7.00	< 2.74	> 36,481

#### Safety Performance Target Coordination

*Describe the coordination with the State and Metropolitan Planning Organization(s) (MPO) in the selection of State and MPO safety performance targets.*

SMART's Accountable Executive will share our ASP, including safety performance targets, with SEMCOG (MPO) each year.

In addition, SMART will coordinate with the State and MPO in the selection of State and MPO safety performance targets as requested and outlined in SMART's Metropolitan Planning Agreement.

Targets Transmitted to the Metropolitan Planning Organization	Metropolitan Planning Organization Name	Date Targets Transmitted
	SEMCOG	9/12/2024

## 4. Safety Management Policy

### **Safety Management Policy Statement**

*Use the written statement of safety management policy, including safety objectives.*

Safety is a core value at SMART, embodied in everything we do. As documented in our ASP, we commit to developing, implementing, maintaining, and continuously improving processes to ensure the safety of our system, employees, and the public we serve. SMART's Safety Management System (SMS) encourages the open sharing of information on all safety issues throughout our organization. We will review and update these objectives, as needed, each year.

### **Responsibilities and Accountabilities for Safety**

To remain consistent with the top-down, organization-wide nature of SMS, our Executives and Board of Directors ensure that organizational resources are allocated to further this commitment and achieve the highest level of transit safety performance. This accountability is supported by all agency employees, who ensure that management has access to the information necessary to strategically deploy resources based on identified safety concerns, establish and support accountability for safety decision-making, and address unacceptable safety risk.

Our overall safety objective is to proactively manage safety hazards and their associated safety risk, with the intent to eliminate unacceptable safety risk in our transit operations. To that end, we will continuously examine our operations for hazards. As required by the Federal Transit Administration, we have set annual safety performance targets to help us measure the safety of our transit service. In addition, to address our overall safety objective, we have established mandatory and voluntary employee safety reporting programs and will communicate these programs to all frontline, supervisory, and management personnel.

### **Safety Objectives**

SMART has established a set of safety objectives to help us assess our safety performance and the effectiveness of our SMS. Our objectives include the following:

- Continuously examining our operations for hazards, through active employee reporting and review and analysis of data;
- Clearly explaining to all staff their accountabilities and responsibilities for the development and operation of SMART's SMS;
- Ensuring that employees charged with implementing the agency's SMS processes, methods and activities are adequately trained and only assigned tasks commensurate with their skills and experience;
- Providing SMART employees and contractors with formal, ongoing SMS communications; and
- Continuously improving SMART's safety performance through the management of processes that ensure effective safety risk mitigations are implemented in a timely manner.

### **Twice a Year Progress Report**

Twice a year, and as needed, the Chief Safety Officer will report to our entire agency regarding how well we are meeting our safety objectives.

### **Signatures**

As required by 49 CFR Part 673 and Section 2 of this document, SMART's ASP, which describes our agency's commitment to continuously monitoring, measuring, and improving safety performance, has been approved by the Board of Directors and endorsed by the Accountable Executive

_____	_____
Dwight Ferrell, Accountable Executive	Date
_____	_____
John Paul Rea, Chair Board of Directors	Date

**Safety Management Policy Communication**  
*Describe how the safety management policy is communicated throughout the agency.*

SMART has established organizational accountabilities and responsibilities for its SMS, and our Accountable Executive has issued a written Safety Management Policy (SMP) statement that includes SMART's safety objectives.

The Chief Safety Officer, who leads SMART's SMS activities, ensures the SMP statement is distributed via electronic and/or hard copy to all employees and contractors operating service.

The Chief Safety Officer also ensures the SMP statement is readily available to all executives, managers, supervisors, administrative and frontline employees, union leadership. The Chief Safety Officer prepares and disseminates reports documenting how SMART is meeting the safety objectives set forth in the SMP statement.

SMART also posts copies of the SMP statement and reports on bulletin boards at each SMART facility as well on electronic communication tools (e.g. ADP).

Should the SMP statement be updated during the year, the Chief Safety Officer will redistribute it throughout the agency following the same protocols to ensure it is provided to all employees and contractors.

The Safety Promotion section of this ASP outlines additional mechanisms and processes available to support the communication of information on SMART's SMP statement.

**Authorities, Accountabilities, and Responsibilities**  
*Describe the role of the following individuals for the development and management of the transit agency's Safety Management System (SMS).*

<b>Accountable Executive</b>	<p>SMART's Accountable Executive holds SMART's management and committees accountable for compliance with the processes and procedures detailed in the Agency Safety Plan (ASP) to ensure adequate safety performance and fulfill requirements of the Public Transportation Agency Safety Plan (PTASP) regulation (49 CFR Part 673).</p> <p>The Accountable Executive, has the following authorities, accountabilities, and responsibilities under this plan:</p> <ul style="list-style-type: none"> <li>• Controls and directs human and capital resources needed to develop and maintain the ASP, SMS, and Transit Asset Management Plan;</li> <li>• Designates a Chief Safety Officer with a direct line of reporting to the Accountable Executive;</li> <li>• Issues annual SMP statement and safety objectives;</li> <li>• Ensures that SMART's SMS is effectively implemented throughout the system;</li> <li>• Ensures action is taken to address substandard performance in SMART's SMS;</li> </ul>
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	<ul style="list-style-type: none"> <li>• Monitors SMART's safety performance;</li> <li>• Accepts safety risk associated with hazards or mitigates unacceptable safety risk; and</li> <li>• Assumes ultimate responsibility for carrying out SMART's ASP and SMS.</li> </ul>
<p><b>Chief Safety Officer</b></p>	<p>The Accountable Executive designates the Chief Safety Officer as the position with the authority and responsibility for day-to-day implementation and operation of SMART's SMS. SMART's Chief Safety Officer has direct access to, and coordination with, the Accountable Executive regarding Safety matters.</p> <p>The Chief Safety Officer has the following authorities, accountabilities, and responsibilities under this plan:</p> <ul style="list-style-type: none"> <li>• Leads the development and update of SMART's ASP;</li> <li>• Develops SMART's SMS policies and procedures;</li> <li>• Monitors day-to-day implementation and operation of SMART's SMS;</li> <li>• Establishes and maintains SMART's safety data information management and reporting systems;</li> <li>• Chairs the SMS Committee and reviews Project Management Safety Implication Analyses (Management of Change) <ul style="list-style-type: none"> <li>○ Coordinates the activities of the committees with other members;</li> <li>○ Develops agendas and sets topics for discussion;</li> <li>○ Keeps and distributes minutes of committee meetings;</li> <li>○ Maintains documentation and decisions made by committees.</li> </ul> </li> <li>• Develops and distributes reports on SMART's progress in meeting the safety objectives specified in the SMP statement;</li> <li>• Develops and distributes reports that monitor and analyze trends in hazards and safety events;</li> <li>• Develops and issues Safety Reporting Bulletins and manages SMART's mandatory and voluntary safety reporting programs;</li> <li>• Provides information and analysis on reports made through the mandatory reporting program and voluntary employee safety reporting program (ESRP);</li> <li>• Develops and issues SMART's annual safety performance targets (in coordination with the Accountable Executive);</li> <li>• Identifies deficiencies and substandard performance in SMART's SMS, notifies the Accountable Executive, and works with the Accountable Executive to develop action plans to address the identified deficiencies;</li> <li>• Advises the Accountable Executive on SMS progress and status; and</li> <li>• Supports SMART departments in managing safety risk by providing Safety Risk Management (SRM) expertise and conducting and overseeing Safety Assurance activities.</li> </ul>
<p><b>Agency Leadership and Executive Management</b></p>	<p>SMART Agency Leadership and Executive Management include staff who report directly to the General Manager:</p> <ul style="list-style-type: none"> <li>• Deputy General Manager</li> <li>• VP of Bus Operations,</li> <li>• VP of Maintenance,</li> <li>• VP of Human Resources,</li> <li>• VP of Finance,</li> <li>• General Counsel</li> </ul>

	<p>SMART's Agency Leadership and Executive Management have authorities and responsibilities for day-to-day implementation and operation of SMART's SMS. In addition, they support system wide SMS implementation as requested by the Chief Safety Officer and SMS Committee.</p> <p>Specific authorities, responsibilities and accountabilities for Agency Leadership and Executive Management under this plan include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Allocating resources to accomplish safety objectives identified in the SMP statement and to address substandard performance in the SMS;</li> <li>• Overseeing the safety of day-to-day operations and SMS implementation;</li> <li>• Coordinating with the Safety Department on the implementation of SMS and providing subject matter expertise as requested; and</li> <li>• Modifying departmental policies consistent with implementation of the SMS and other safety regulations.</li> </ul>
<p><b>Key Staff</b></p>	<p><b>Key Staff</b></p> <p>SMART's Key Staff includes those positions that directly oversee SMART's Transportation, Maintenance, Human Resources, Finance, IT, Marketing, and Legal Departments. Specific authorities, responsibilities and accountabilities for Key Staff under this plan include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Complying with SMS programs and processes;</li> <li>• Supporting development, implementation, and operation of SMART's SMS;</li> <li>• Maintaining documents that support SMS implementation;</li> <li>• Reviewing and investigating employee reports, in coordination with the Chief Safety Officer and/or SMS Committee, and documenting results;</li> <li>• Providing subject matter expertise to support implementation of SMART's SMS; and</li> <li>• Verifying compliance with safety requirements and reporting deviations to the Safety Department.</li> </ul> <p><b>Key Committees</b></p> <p>SMART uses committees and processes to support SMS implementation:</p> <ul style="list-style-type: none"> <li>• SMS Committee</li> <li>• Safety Committees</li> <li>• Quarterly Terminal Inspection</li> <li>• Project Management: Safety Implication Analysis (Management of Change)</li> <li>• Driver Forums and Service Development Process</li> <li>• Accident Review Board</li> </ul> <p>Each of these committees and processes is briefly described below.</p> <p><b>SMS Committee</b></p> <p>SMART has established an SMS Committee to support and oversee implementation of our SMS and to promote interagency coordination and action. The committee will be chaired by the Chief Safety Officer. Committee members consist of an equal number of frontline employee representatives and management representatives. Each Union will appoint members to the committee, and the Chief Safety officer will appoint an equal number of Management members to the committee. These meetings may be in various format (i.e. in- person, virtual, etc.)</p>

- The SMS Committee meets biannually and has the following responsibilities:
- Reviews the timely collection of information related to hazards, potential consequences, and safety events;
  - Reviews reported hazards and supports the analysis of hazards;
  - Investigates, analyzes, and identifies causal factors for safety events;
  - Monitors and analyzes trends in hazards and safety events;
  - Monitors and evaluates the effectiveness of mitigations implemented to address assessed safety risk and reports findings to the Accountable Executive;
  - Monitors and evaluates the effectiveness of corrective actions implemented to address non-conformances and to prevent the recurrence of safety events, and reports findings to the Accountable Executive;
  - Monitors industry data and reports from FTA and oversight authorities, industry associations, and manufacturers and other vendors;
  - Determines the adequacy of the training provided to the individuals responsible for maintenance, operations, and other personnel who are assigned duties related to the SMS; and
  - Supports day-to-day implementation and operation of SMART's SMS.

**Safety Committees**

Terminal Superintendent/Manager chairs this monthly committee meeting. Some labor agreements with SMART's local unions set forth specific provisions for a Safety Committee. This committee is directed to act in an advisory capacity to management. The Joint Safety Committee discusses safety concerns and makes recommendations to the appropriate departments for additional actions, including enhanced compliance activities, safety risk management, tracking and monitoring, training, and communication. These meeting may be in various format (i.e. in-person, virtual, etc.)

**Quarterly Terminal Inspection**

The Risk Manager and a Third-Party Administrator inspect each terminal for safety hazards on a quarterly basis to identify safety issues and potential safety hazards. Results from these reviews may support safety risk management activities, including the identification of hazards and the mitigation of safety risk. Such reviews and worksite inspections are performed during normal business hours and are scheduled in advance with appropriate SMART staff. The results of the reviews and inspections are not used for disciplinary purpose but serve to support implementation and oversight of SMART's SMS.

**Project Management Process: Safety Implication Analysis (Management of Change)**

SMART's Project Management Process includes a Safety Implication Analysis as a key component of Management of Change. The Safety Implication Analysis identifies and assesses changes associated with a project that may introduce new hazards or impact the transit agency's safety performance (e.g. new equipment, policies, or procedures are introduced).

***Driver Forums and Service Development***

Driver Forums offer a key opportunity for Drivers to provide input on the safety of existing and proposed routes. This information is used by the Service Development Department to assess routes and safety improvements.

***Accident Review Board***

SMART's Accident Review Board reviews the results of SMART accident determinations that are appealed by an employee and makes the final determination regarding preventability of such accident. SMART's Accident Review Board consists of members that represent Management, Union Officials, and an officer or investigator from a local police department.

**Employee Safety Reporting Program**

*Describe the process and protections for employees to report safety conditions to senior management. Describe employee behaviors that may result in disciplinary action (and therefore, are excluded from protection).*

SMART's frontline personnel are our best source of information on safety conditions throughout our system. Nobody knows more about the actual safety performance of the transit system than the employees who deliver the service.

To collect information critical to the safety of our operations, SMART uses two types of employee reporting:

- **Mandatory**
- **Voluntary**

**Mandatory Safety Reporting**

SMART requires its employees to report the occurrence of safety events immediately (injuries, accidents, mechanical/vehicle issues or unusual occurrences) through one or more of the following methods:

- Immediate Reporting to Supervisory Staff
- Injury Report Form
- Transit Accident and Crime Report Form
- Driver Pre-Trip Inspection Form
- Daily Physical Check Sheet (Driver Write Up Card)
- Driver Maintenance Write-up Log
- Preventative Maintenance Inspection Form

SMART requires drivers or other employees who are away from the facility to immediately report accidents, incidents, or unusual occurrences immediately to Dispatch, or to the first available supervisor if radio contact is not an option. All employees must fill out SMART's written reporting forms as soon as possible and provide information to support SMART's event investigation process, as necessary.

If an employee fails to report or reports false information regarding safety rules, SMART may take disciplinary action. Reports must be made to the employee's supervisor no later than by the end of shift, unless otherwise specified in an extension as granted by the labor agreement. In cases of an employee self-reporting non-compliance with safety rules, SMART may consider a non-punitive response. Any discipline will be determined on a case-by-case basis by the Terminal Manager/Transportation Manager and Department Director with the assistance of the Human Resources Department.

### **Voluntary Employee Safety Reporting Program**

In an effort to maximize available safety information and to ensure that safety concerns are reported freely and without prejudice, SMART has established a process through which employees and contractors can report safety conditions, unsafe acts/practices, and/or close-call incidents without fear of discipline, reprisal or penalty. Examples of the types of information reported include:

- Safety hazards in the operating environment (for example, county or city road conditions),
- Policies and procedures that are not working as intended
- Events that senior managers might not otherwise know about (for example, near misses in a bus garage)
- Information about why a safety event occurred (for example, radio communication challenges).

Acceptable means of reporting safety conditions include:

- Emailing a report to SMART's Chief Safety Officer
- Using the Suggestion Box located in each Driver's Lounge
- Submitting Operator Comment Cards, a Miscellaneous 67 Report, Driver Pre-Trip Inspection Form, or Daily Physical Check Sheet (Driver Write Up Card) to Supervisory Staff
- Notifying Bus Dispatch
- Providing verbal or email notification to a supervisor or union steward.

SMART's Accountable Executive is responsible for ensuring protections for employees who report safety conditions to senior management. SMART provides employees who voluntarily report safety conditions in good faith with protections from any form of discipline, retribution or penalty, consistent with State and Federal guidelines regulations, and collective bargaining agreements.

When requested, the name of the employee providing information related to safety conditions will be kept anonymous to the extent permissible by law.

While SMART places a very high value on employees reporting important safety information, in cases where the reporting employee engaged in an illegal act, committed gross negligence, or deliberately or willfully disregarded regulations or procedures, or other wrongdoing is discovered SMART reserves the right to pursue disciplinary action.

## 5. Safety Risk Management

### Safety Risk Management Process

#### Safety Risk Management Process

SMART's Safety Risk Management (SRM) process includes the activities and tools needed to identify and analyze hazards and assess safety risk. SMART uses its SRM process to proactively manage safety hazards and their associated safety risk, with the intent to mitigate the safety risk in our transit system to a point that is as low as reasonably practicable.

SMART's Chief Safety Officer leads SMART's SRM process, with support from SMART's Safety Department and ensures that trained safety personnel work with SMART's subject matter experts to identify hazards and consequences, assess the safety risk of the consequences of hazards, and mitigate safety risk, as necessary.

SMART's SRM process applies to:

- Existing SMART operations and maintenance procedures;
- Changes to SMART's public transportation system;
- Design of new SMART public transportation service, vehicles, equipment, and capital projects; and
- Strategies to minimize the exposure of the public, personnel, and property to hazards and unsafe conditions, and consistent with guidelines of the Centers for Disease Control and Prevention or a State health authority, minimize exposure to infectious diseases.
- Risk reduction programs to reduce the number and rates of accidents, injuries, and assaults on transit workers based on data submitted to NTD.
- Strategies to reduce visibility impairments for bus operators that contribute to accidents including vehicle retrofits and future procurements.
- Strategies to mitigate assaults on transit workers including barriers to restrict the unwanted entry of individuals and objects into the workstations of bus operators.

Key terms used in our SRM process include:

- **Event:** Any accident, incident, or occurrence including but not limited to involving a vehicle, injury, machine, etc.
- **Hazard:** Any real or potential condition that can cause injury, illness, or death; damage to or loss of facilities, equipment, rolling stock, or infrastructure belonging to SMART; or damage to the environment.
- **Risk:** Composite of predicted severity and likelihood of the potential effect of a hazard.
- **Risk mitigation:** Method(s) to eliminate or reduce the effects of hazards.
- **Consequence:** An effect of a hazard involving injury, illness, death, or damage to SMART's property or the environment.

### **Safety Hazard and Consequence Identification**

SMART identifies hazards and potential consequences from a variety of sources, including the following:

- Voluntary Employee Safety Reporting Program and mandatory safety reporting program;
- Results from the review of smart camera technology video from vehicles;
- Meetings and workshops with employees to discuss safety concerns;
- Results of employee surveys and outreach;
- Results of activities completed via Project Management to identify changes that may introduce new hazards or impact the SMART's safety performance;
- Monthly safety committee meetings with staff and Union employees at each terminal;
- Monthly fleet maintenance meetings;
- Results of reports documenting SMART's Safety Assurance activities, highlighting safety concerns and changes, including the following:
  - o Pre-trip and post-trip vehicle condition reports that identify bus safety concerns to maintenance and supervisory staff;
  - o Results of routine observations of the workplace by management personnel;
  - o Information collected from reports and investigations of safety events;
  - o Information collected from other Safety Assurance activities, including maintenance reports, vehicle inspection reports, system inspection reports, quality inspections and reports, and special studies or reviews.
- Results of condition assessments undertaken for the Transit Asset Management plan;
- Results of inspections, audits, and observations performed by Safety Department personnel;
- Review of the drawings and specifications for new or modified equipment or facilities;
- Findings or recommendations made as a result of audits, reviews, studies, or assessments from internal or external departments or agencies;
- Information from customer reports and reports of unsafe behavior from the public and law enforcement;
- Information from industry associations, manufacturers and other vendors, and oversight authorities, such as the National Transportation Safety Board and the Federal Motor Carrier Safety Administration, as well as state and local transportation agencies; and
- Information from FTA, including safety directives, bulletins, alerts, and technical assistance, as well as regulations and recommended practices.

SMART's Safety Department, SMS Committee, and subject matter experts identify hazards and consequences from these sources. For sources not managed by the Safety Department, SMART departments provide reports and hazard information to the Safety Department using forms and notification protocols established by the SMS Committee. SMART departments also provide subject matter experts to support identification of hazards and consequences from available reports and information sources.

For all sources, the Safety Department's SRM Lead reviews information collected to identify specific hazards and consequences and determine the potential impact on transit operations and the health and safety of employees.

## **Safety Risk Assessment**

SMART will assesses the safety risk associated with identified safety hazards and their consequences. This process will include an assessment of the likelihood and severity of the consequences of hazards, including existing mitigations, and prioritizing hazards based on safety risk.

The SRM Lead, with support from Safety Department staff, manages SMART's safety risk assessment activities. In some instances, safety risk assessment may be performed by other SMART departments or contractors.

To conduct the assessment, the SRM Lead may assemble a small team of subject matter experts based on their knowledge of the factors and potential consequences of a hazard and its potential consequence(s) under assessment. Additionally, SMART may use outside resources with specialized expertise in the safety risk assessment process or a transit technical discipline.

SMART's safety risk assessment process has five steps:

- Step 1: Collecting Information;
- Step 2: Assessing Severity;
- Step 3: Assessing Likelihood;
- Step 4: Determining the Safety Risk Index; and
- Step 5: Documenting Results.

Each step is summarized below.

### ***Step 1: Collecting Information***

SMART's SRM Lead collects information on identified hazards and its potential consequence(s).

Typical information collection activities include:

- Reviewing SMART's safety information system and records to identify information relevant to the hazard and its potential consequence(s);
- Interviewing employees and contractors that work in the area or discipline where the hazard and potential consequence(s) have been identified, in coordination with Labor Relations;
- Conducting a walkthrough of the affected area or system, generating visual documentation (photographs and/or video), and taking any measurements deemed necessary;
- Conducting interviews with subject matter experts to gather potentially relevant information on the hazard and potential consequence(s);
- Reviewing any documentation associated with the hazard (records, reports, procedures, inspections, technical documents, etc.);
- Contacting other departments or agencies that may have association with or technical knowledge relevant to the hazard or its potential consequence(s);
- Reviewing any past reported hazards of a similar nature;
- Reviewing information provided by FTA or an oversight authority; and
- Evaluating tasks and/or processes associated with the hazard and its potential consequence(s).



### **Step 2: Assessing Severity**

The SRM Lead, working with a small team, if one is assigned, will assess the severity of impact of the worst credible potential consequence(s) of the hazard if it/they occurred, taking into account existing mitigations. This includes impact to people, systems, equipment, and the environment. The assessment must be credible and will be used to produce a potential severity matrix. This matrix uses four severity levels:

1. Catastrophic
2. Critical
3. Marginal
4. Negligible

### **Step 3: Assessing Likelihood**

The SRM Lead, working with a small team, if one is assigned, will assess the likelihood of the worst credible potential consequence(s) of the hazard taking into account existing mitigations and outcome likelihood to determine six likelihood levels:

- A. Frequent
- B. Probable
- C. Occasional
- D. Remote
- E. Improbable
- F. Eliminated

### **Step 4: Determining the Safety Risk Index**

The SRM Lead, working with a small team, if one is assigned, will combine the assessed severity and likelihood into a safety risk index. SMART uses a Safety Risk Assessment Matrix that assigns a rating for each potential consequence to prioritize safety risk. This step assists SMART's SRM lead in rating the tolerability of the safety risk as:

- **Low (Acceptable without Review)** – SMART determines that existing mitigations adequately address safety risk and management review is not necessary.
- **Medium (Acceptable with Existing Mitigations and Management Review)** – SMART determines that mitigations currently in place adequately address safety risk with management review. Evaluations of existing mitigations include observation and analysis by subject matter experts and the review of any historical data related to the hazard and consequence under assessment. When necessary, evaluation of the effectiveness of mitigations may include reaching out to external transit experts and discussions with peer transit agencies facing similar concerns.
- **Serious (Acceptable with Monitoring and Management Review)** – SMART requires management review, and ongoing monitoring activities to determine if the safety risk mitigation is ineffective, inappropriate, or not implemented as intended.
- **High (Unacceptable; Management Approval required)** – SMART requires action to mitigate safety risk. SMART will suspend service or activities related to hazards with a high safety risk index until the safety risk has mitigated to an acceptable level. Management approval is required prior to resuming suspended activities.

**Step 5: Documenting Results**

The SRM Lead will document the hazard, hazard type, identification source and date, and the hazard's consequences, including the worst credible potential consequence(s), and the existing mitigations that address the worst credible potential consequence(s), assessments regarding severity and likelihood of the worst credible potential consequence(s), and any related or supporting documentation. Required management reviews and approvals will also be documented.

**Policies and Procedures**

The Safety Department maintains the policies, procedures, checklists, and forms that support safety risk assessment activities. The SRM Lead records the results of the safety risk assessment process. Completed safety risk assessments and supporting attachments are documented by the Safety Risk Manager and will be periodically reviewed by the SMS Committee.

**Safety Risk Mitigation**

Based on the results of the safety risk assessment, the safety risk associated with the worst credible potential consequences of identified hazards will be resolved through the development and implementation of mitigations. Mitigations may:

- Eliminate the safety risk of a hazard;
- Reduce the likelihood of the potential consequences of a hazard; and/or
- Reduce the severity of the potential consequences of a hazard.

The goal of SMART's safety risk mitigation process is to eliminate the hazard if possible. When a hazard cannot be eliminated, SMART will reduce the associated risk to the lowest acceptable level within the constraints of cost, schedule, and performance by the following methods:

- Eliminate hazards through design selection;
- Reduce risk through design alteration;
- Incorporate engineered features or devices;
- Provide warning devices; and
- Incorporate signage, procedures, training, and personal protective equipment.

The supervisor or project manager with oversight of the organizational entity will develop mitigations with the Chief Safety Officer, supported by the SMS Committee, and SMART's subject matter experts. The appropriate department head, superintendent, or manager of the impacted department will approve the safety risk mitigation. Depending on the nature of the safety risk or mitigation, additional approvals may be required from SMART's Leadership and Executive Management and/or the Accountable Executive. Where appropriate, safety risk mitigations will include milestones, schedule, budget and the part(ies) responsible for implementation. SMART will monitor its operations to identify any safety risk mitigations that may be ineffective, inappropriate, or were not implemented as intended. This activity may include the use of mitigation monitoring plans.

The supervisor or project manager that developed the mitigation will be responsible for documenting the issue. The SMS Committee will review the status of actions to implement mitigations and report any findings or concerns to the Accountable Executive. The Safety Department will include information on the development and implementation of safety risk mitigations in reports shared throughout the agency, as specified in SMART's SMP statement.

## 6. Safety Assurance

### Safety Performance Monitoring and Measurement

SMART uses **Safety Performance Monitoring and Measurement** to evaluate our compliance with operations and maintenance procedures and to determine whether our existing rules and procedures are sufficient to control our safety risk. SMART also uses Safety Performance Monitoring and Measurement to assess the effectiveness of safety risk mitigations and to make sure the mitigations are appropriate and implemented as intended. Safety Performance Monitoring and Measurement activities also include investigating safety events to identify causal factors and analyzing the information from safety reporting, including data about safety failures, defects, and conditions.

#### Compliance with and Sufficiency of Operations and Maintenance Procedures

SMART bus operations are governed by memos, policies, notices, and standard operating procedures (SOPs) issued by the authority.

SMART bus maintenance is governed by maintenance manuals, instructions, memos and vendor information. Maintenance procedures are established by the Director of Maintenance.

To ensure compliance with and sufficiency of operations and maintenance procedures, SMART carries out the following activities:

- **Driver Training/Retraining:** Driver training/retraining provides an opportunity for one-on-one interaction between SMART Operators and SMART instruction staff. During these evaluations, SMART Transportation staff perform firsthand observations of the operator's driving habits and provide immediate verbal and written feedback. Training evaluations are designed to uncover and point out unsafe practices, as well as to give positive reinforcement for safe driving practices. Driver retraining evaluations can occur as a reactive measure (post-event training or training initiated in response to customer complaints or documented violations of safety rules) or proactively, such as when the operator is learning a new bus line or receiving other types of instruction.
- **Random Observations:** SMART Management and supervisory personnel may conduct observations of bus operators for compliance with traffic laws, SMART operating rules, and procedures. Any observed rule violations will be documented and submitted to Terminal Management staff.
- **Behavior-Based Safety Observations:** SMART Management and supervisory personnel may observe employees or contractors performing their assigned tasks and evaluate their actions based on SMART's safety policies and procedures and task-specific processes or procedures, if applicable. Terminal Management staff may discuss what they observed with the employee and union or contractor they observed and discuss any unsafe or potentially unsafe acts they may have observed. Discussions focus on constructively and positively reinforcing safe acts, gaining employee commitment to identify and avoid unsafe acts, and encouraging two-way communication about safety-related concerns. Supervisory staff performing the observations immediately addresses and acts on any observed life-threatening and unsafe behaviors.
- **Vehicle and Facility Inspections and Records Reviews:** Safety Staff conduct quarterly terminal loss control inspections and document and report any observed issues. Safety personnel also perform records reviews and trend analyses regarding the results of vehicle and facility inspections to focus follow-up activities. Results are documented on standard SMART departmental forms. Daily vehicle pre-trip inspections are completed and documented by the drivers, and the maintenance department performs and documents regularly scheduled physical maintenance inspections of the vehicles.
- **Video Monitoring:** SMART buses incorporate an onboard video monitoring system. When a safety event occurs on a bus, the system video footage is preserved. Supervisory staff will review recordings when operators report an event, if Supervisory staff is made aware of a potential safety event or non-compliance with safety rules, or as a result of other safety event reporting. The reviewing of audio and video will be done pursuant to the Audio and Video Recording Policy.

*Describe activities to monitor operations to identify any safety risk mitigations that may be ineffective, inappropriate, or were not implemented as intended.*

### **Monitoring Safety Risk Mitigations**

SMART monitors safety risk mitigations to determine if they may be ineffective, inappropriate, or not implemented as intended. SMART supervisors, managers and subject matter experts, working with the SMART Safety Department, develop mitigation monitoring plans for mitigations implemented through SMART's SRM process. The SMS Committee approves mitigation monitoring plans and tracks them.

Mitigations found to be ineffective, inappropriate or not implemented, as intended, must go through the SRM process. The Safety Department oversees and tracks the assignment of responsibilities and timelines for implementing new mitigations and eliminating mitigations that are no longer necessary or effective.

To measure the effectiveness of existing safety risk mitigations, which may not have been assessed yet through SMART's SRM process, SMART's Safety Department and SMS Committee also:

- Review results from safety event investigations;
- Monitor employee safety reporting;
- Monitor the service delivery and operational environment;
- Monitor operational functions to verify that operations activities are carried out in accordance with standard operating procedures (SOPs);
- Monitor maintenance functions to verify that maintenance activities are carried out in accordance with SOPs;
- Review results of internal safety audits and inspections;
- Review results of safety inspections by external entities; and
- Analyze operational and safety data to identify emerging safety concerns.

During SMS Committee meetings, a standing agenda item focuses on the results of these reviews and monitoring activity. Based on its assessment of the situation, the SMS Committee and the Chief Safety Officer will determine whether additional investigation and/or monitoring is required, or if the specific issue or condition needs to be addressed through SMART's SRM process.

The Safety Department ensures that SMART carries out and documents all monitoring activities. The Safety Department reports the results to the Accountable Executive and/or executive management as directed by the Accountable Executive or SMS Committee. Specific procedures on how to carry out safety risk mitigation monitoring activities and forms to document those activities are on file in the Safety Department.

*Describe activities to conduct investigations of safety events, including the identification of causal factors.*

### **Safety Event Investigations to Identify Casual Factors**

SMART maintains procedures for conducting investigations of safety events (accidents, incidents, and occurrences, as defined in 49 CFR Part 673) to find causal and contributing factors and review the existing mitigations in place at the time of the safety event. Local law enforcement also may respond to any SMART safety event. SMART will coordinate its investigation process with local law enforcement.

Operations and maintenance management are responsible for immediately notifying the Safety Department of any safety event that meets SMART's thresholds. The Safety Department notifies the Accountable Executive (or designated personnel) of any events that resulted in a fatality, serious injury, or property damage to SMART's vehicles or private vehicles that may exceed \$25,000. Department Managers ensure that all safety events in their department are documented.

The Safety Department also ensures compliance with reporting thresholds, requirements, and processes defined in *FTA's NTD Safety and Security Policy Manual* and with notification thresholds established by the National Transportation Safety Board and the Michigan Department of Transportation.

SMART's general safety investigation process consists of five basic phases.

- **Set up:** Assemble an investigation team with the required skills and expertise.
- **Fact gathering:** Record facts pertinent to understanding the circumstances leading to the safety event.
- **Event reconstruction:** Reconstruct the sequence of events.
- **Data analysis:** Analyze the information obtained through fact gathering and event reconstruction to assess the safety risk and provide explanations of the technical and operational factors and any underlying organizational factors and issues.
- **Establish conclusions:** Draw conclusions from the collected and analyzed information based on:
  - o Main and direct causes and contributing factors leading to the event.
  - o Findings that point out additional hazards that have the potential to introduce safety risk but did not play a direct role in the event.
  - o Other findings that have potential to improve the safety of the transit system.

## **General Investigation Process**

### ***Safety Event Investigation Procedures***

SMART's safety event investigation procedures follow these steps:

- Bus Operators or Operations Supervisors notify Dispatch of the safety event. The Operator of the affected transit vehicle follows seven basic emergency steps:
  - o Stay calm
  - o Assess the situation
  - o Obtain help
  - o Protect people, then property
  - o Reassure and assist the passengers
  - o Secure the scene
  - o Ask witnesses or others involved in the accident to fill out a Courtesy Card
  - o Complete Transit Accident and Crime Report
- Dispatch immediately notifies Road Supervisor, emergency personnel and, when appropriate, ASU (Adjusting Services Unlimited).
- Road Supervisor gathers information and interviews all involved in accident/incident
- Terminal Manager reviews Road Supervisor's information, reviews video and interviews employee
- Severe accidents/incidents investigations may also involve the Legal Department
- ASU investigates as needed.
- The Road Supervisor and ASU, as needed, arrives at the scene as soon as possible to conduct the investigation.
- The Road Supervisor secures the scene and collects facts about what occurred, including interviewing the operator involved, and any witnesses.
- The Road Supervisor begins the investigative process, which includes but is not limited to the following:
  - o Noting the environmental factors surrounding the safety event, such as lighting and visibility, road surface conditions, climate, and weather conditions
  - o Collecting vehicle and roadway evidence, including vehicle condition and position for all vehicles involved in the incident
  - o Recording tire marks, skid marks, tire tread prints, and yaw marks
  - o Observing braking-related factors
  - o Observing debris and vehicle fluids
  - o Observing contact and induced damage
  - o Making exterior damage assessments
  - o Photographing the scene

- o Sketching the field
- o Interviewing other drivers; witnesses; passengers; fire, emergency medical services, and police personnel at the scene. Interviewing maintenance personnel, if necessary, at a later date
- o Making a drug-and-alcohol testing decision pursuant to 49 CFR Part 40 and 655
- o Complete the Road Supervisor’s Report
- The Terminal Manager will investigate the accident and determine if the Accident was “Preventable” or “Non-Preventable”

**Identifying Causal and Contributing Factors**

SMART is committed to examining all safety events to determine causal and latent organizational factors that may have contributed to the safety event. This includes examining:

- Processes;
- People/human factors;
- Management decision-making and resource support;
- Equipment, tools, and materials;
- Operating environment;
- Environmental issues;
- Existing relevant mitigations; and
- Other causes and contributing factors, as appropriate.

**Accident Review Board**

SMART’s Accident Review Board reviews information on accidents determined to be “preventable” that are appealed by the Operator. SMART’s Accident Review Board consists of members that represent management, the union, and a police officer to determine if the accident or incident was preventable or non-preventable. SMART’s Accident Review Board refers its findings to supervisory staff.

*Describe activities to monitor information reported through internal safety reporting programs.*

**Internal Safety Reporting Programs**

The Chief Safety Officer and SMS Committee review safety data and information captured in employee safety reports, safety meeting minutes, customer complaints, and other safety communication channels. When necessary, the SMS Executive and SMS Committee ensure that the issues and concerns are investigated or analyzed through SMART’s SRM process.

The Chief Safety Officer and SMS Committee also review internal and external reviews, including audits and assessments, compliance with operations and maintenance procedures, and the effectiveness of safety risk mitigations. The Chief Safety Officer discusses relevant safety issues and concerns with the Accountable Executive and executive management.

**Management of Change**

*Describe the process for identifying and assessing changes that may introduce new hazards or impact safety performance.*

SMART understands that change may affect the appropriateness or effectiveness of existing risk mitigation strategies. In addition, change may inadvertently introduce new hazards and safety risk into SMART’s service. Therefore, SMART has established a formal process for identifying and assessing changes that may introduce new hazards or impact our safety performance. If, as a result of this process, we determine a change may impact our safety performance, then we evaluate the proposed change through our SRM process.

SMART conducts this process through Project Management practices and the Service Development Process. It includes changes identified resulting from:

- Design and implementation of new systems and other capital projects,
- Changes to existing systems or service,
- New services provided to the public,
- Changes to relevant regulations, laws, policies or the FTA's National Public Transportation Safety Plan or Safety Directives or Memos that may impact SMART's safety programs.

Safety Department train managers on when and how to identify and report anticipated changes to the committee. When a change is determined to potentially impact SMART's safety performance, the process/project manager contacts the Chief Safety Officer to evaluate the change through the SRM process. The SRM process includes identifying a change's associated hazards and potential consequences, assessing safety risk, and, when necessary, creating new safety risk mitigations or modifying existing mitigations. When SMART makes a change that requires new or revised mitigations, it monitors these mitigations as described in the mitigation monitoring section above.

### **Continuous Improvement**

*Describe the process for assessing safety performance. Describe the process for developing and carrying out plans to address identified safety deficiencies.*

SMART uses a continuous improvement process to monitor and improve our SMS and safety performance. SMART conducts an annual safety performance assessment. If we identify any deficiencies as part of the safety performance assessment, we develop and carry out, under the direction of the Accountable Executive, a plan to address the identified safety deficiencies.

SMART's process for assessing its safety performance includes:

- Monitoring the achievement of safety objectives and safety performance indicators and targets.
- Reviewing the effectiveness of:
  - o Hazard identification, safety risk assessment, safety risk mitigation development, and management of change activities;
  - o Operations and maintenance procedure monitoring activities;
  - o Safety risk mitigation monitoring activities;
  - o Safety investigation activities;
  - o Voluntary ESRP;
  - o Safety competencies and training efforts; and
  - o Safety communication.

The Safety Department is responsible for assessing SMART's safety performance because of its safety expertise and functional independence from operations and maintenance. Safety Department strategies for assessing safety performance and the effectiveness of SMART's SMS operations include but are not limited to the following:

- Reviewing safety data, including data related to safety objectives and safety performance indicators and targets;
- Conducting employee surveys to measure the effectiveness of the ESRP, safety training, and safety communication;
- Using audit checklists to identify how well the processes, activities, and tools within the SMS are performing;
- One-on-one and group interviews of key service-delivery and support stakeholders;
- Attending safety committee meetings and safety meetings;
- Conducting field observations;
- Auditing regulatory compliance; and
- Reviewing SMS documentation.

At times, SMART may choose to use an outside independent consultant to assist the Safety Department in its safety performance assessment activities.

The Safety Department provides reports on the results of safety performance assessments to the Accountable Executive and executive management. The Safety Department maintains documentation of the safety performance assessments, including checklists and tools.

SMART supports continuous improvement by addressing deficiencies it discovers during assessments of safety performance and SMS operations assessments. SMART uses corrective action plans to address safety deficiencies and substandard performance of SMS operation to drive the continuous improvement effort. SMART also may choose to use outside expertise to assist in addressing safety deficiencies. These corrective action plans are carried out under the direction of the Accountable Executive and SMART's Chief Safety Officer reports on the status of these corrective action plans to the Accountable Executive each quarter.



## 7. Safety Promotion

### Competencies and Training

Safety promotion ensures that SMART employees and contractors are aware of policies and procedures related to the safety of agency operations, and specifically as related to their areas of work. SMART's comprehensive training program applies to all SMART employees directly responsible for safety, including:

- Bus vehicle operators,
- Dispatchers,
- Maintenance technicians,
- Managers and supervisors,
- Agency Leadership and Executive Management,
- Chief Safety Officer and Safety Department, and
- Accountable Executive.

Training for operations personnel and personnel directly responsible for safety includes:

- Completion of a safety training program;
- Continuing safety education and training;
- De-escalation training.

Training has been developed for each designated position throughout the agency, appropriate to the position's individual job responsibilities.

Operations skill training includes the following:

- New hire bus operator classroom and hands-on skill training;
- Bus operator refresher training;
- Bus operator retraining (recertification or return to work);
- Skill training for Coach Service and Shelter Attendant;
- Skill training for painting and body-shop personnel;
- On-the-job training for control center employees/schedulers/dispatchers at the time of external hire or internal promotion;
- On-the-job training for operations supervisors at the time of external hire or internal promotion; and
- Safety event investigation training and on-the-job training for Operations Supervisors.

Vehicle maintenance skill training includes the following:

- Ongoing vehicle maintenance technician skill training;
- Ongoing skill training for vehicle maintenance supervisors;
- Safety event investigation training for vehicle maintenance supervisors;
- Ongoing hazardous material training for vehicle maintenance technicians and supervisors; and
- Training provided by vendors.

Facility maintenance safety-related skill training includes the following:

- Ongoing facility maintenance technician skill training;
- Ongoing skill training for facility maintenance supervisors;
- Ongoing hazardous material training for facility maintenance technicians and supervisors; and
- Ongoing fire prevention training for facility maintenance technicians and supervisors.

## Safety Communication

*Describe processes and activities to communicate safety and safety performance information throughout the organization.*

In accordance with SMART's SMP statement, SMART actively encourages the open sharing of information on all safety issues throughout our organization. To ensure effective communication throughout the agency, SMART has established formal processes and approaches, including:

- **Dissemination of safety and safety performance information throughout SMART's organization.**

The communication of safety performance information follows the top-down, agency-wide model of the agency's SMS. The Chief Safety Officer is responsible for reporting on the agency's safety performance to the Accountable Executive. These reports may include, but are not limited to, performance relative to the agency's safety performance targets, updates related to mitigation monitoring plans and corrective action plans, and unusual events. In accordance with guidance distributed by the Chief Safety Officer, leadership throughout the agency (including executives, VPs, superintendents, directors, managers, and supervisors) are responsible for communicating safety performance information with their teams. The Safety Department is responsible for developing regular status reports on safety risk mitigations and open corrective actions for dissemination to the SMS Committee and Joint Labor and Management Safety Committees for discussion. The Safety Department also issues reports on SMART's safety performance and progress in meeting the safety objectives outlined in the SMP statement throughout the agency.

- **Communication of information on hazards and safety risk relevant to employees' roles and responsibilities throughout the agency.** As part of new-hire training, SMART distributes safety policies and procedures to pertinent employees. SMART provides training on these policies and procedures. For newly emerging safety issues or safety events at the agency, SMART's Chief Safety Officer may issue bulletins or messages to employees to be reinforced by supervisors in one-on-one or group discussions with employees.

- **Explaining actions taken in response to employee reporting.** SMART provides targeted communications to inform employees of safety actions taken in response to reports submitted through the ESRP, such as newsletters, handouts and flyers, safety talks, updates to bulletin boards, and one-on-one discussions between employees and supervisors.

The Safety Department works with each operating function to ensure that all SMS and safety communication-related activities are communicated. The Safety Department also maintains documentation of communication processes and procedures and records of safety communications.

## Additional Information

### Supporting Documentation

SMART will maintain documentation related to the implementation of its SMS; the programs, policies, and procedures used to carry out this ASP; and the results from its SMS processes and activities for three (3) years after creation. This documentation will be available to the Federal Transit Administration or other Federal or oversight entity upon request.

### Definitions of Special Terms Used in the ASP

SMART incorporates all of FTA's definitions that are in 49 CFR § 673.5 of the Public Transportation Agency Safety Plan regulation.

- **Accident** means an Event that involves any of the following: A loss of life; a report of a serious injury to a person; a collision of public transportation vehicles; a runaway train; an evacuation for life safety reasons; or any derailment of a rail transit vehicle, at any location, at any time, whatever the cause.
- **Accountable Executive** means a single, identifiable person who has ultimate responsibility for carrying out the Public Transportation Agency Safety Plan of a public transportation agency; responsibility for carrying out the agency's Transit Asset Management Plan; and control or direction over the human and capital resources needed to develop and maintain both the agency's Public Transportation Agency Safety Plan, in accordance with 49 U.S.C. 5329(d), and the agency's Transit Asset Management Plan in accordance with 49 U.S.C. 5326.
- **Agency Safety Plan** means the documented comprehensive agency safety plan for a transit agency that is required by 49 U.S.C. 5329 and Part 673.
- **Chief Safety Officer** means an adequately trained individual who has responsibility for safety and reports directly to a transit agency's chief executive officer, general manager, president, or equivalent officer. A Chief Safety Officer may not serve in other operational or maintenance capacities, unless the Chief Safety Officer is employed by a transit agency that is a small public transportation provider as defined in Part 673, or a public transportation provider that does not operate a rail fixed guideway public transportation system.
- **Equivalent Authority** means an entity that carries out duties similar to that of a Board of Directors, for a recipient or subrecipient of FTA funds under 49 U.S.C. Chapter 53, including sufficient authority to review and approve a recipient or subrecipient's Agency Safety Plan.
- **Event** means any Accident, Incident, or Occurrence.
- **Hazard** means any real or potential condition that can cause injury, illness, or death; damage to or loss of the facilities, equipment, rolling stock, or infrastructure of a public transportation system; or damage to the environment.
- **Incident** means an event that involves any of the following: A personal injury that is not a serious injury; one or more injuries requiring medical transport; or damage to facilities, equipment, rolling stock, or infrastructure that disrupts the operations of a transit agency.
- **Investigation** means the process of determining the causal and contributing factors of an accident, incident, or hazard for the purpose of preventing recurrence and mitigating risk.
- **Large urbanized area provider** means a recipient or subrecipient of financial assistance under 49 U.S.C. 5307 that serves an urban area with a population of 200,000 or more as determined by the most recent decennial census.
- **National Public Transportation Safety Plan** means the plan to improve the safety of all public transportation systems that receive Federal financial assistance under 49 U.S.C. Chapter 53.
- **Occurrence** means an Event without any personal injury in which any damage to facilities, equipment, rolling stock, or infrastructure does not disrupt the operations of a transit agency.
- **Operator of a public transportation system** means a provider of public transportation as defined under 49 U.S.C. 5302(14).

- **Performance measure** means an expression based on a quantifiable indicator of performance or condition that is used to establish targets and to assess progress toward meeting the established targets.
- **Performance target** means a quantifiable level of performance or condition, expressed as a value for the measure, to be achieved within a time period required by the FTA.
- **Risk** means the composite of predicted severity and likelihood of the potential effect of a hazard.
- **Risk mitigation** means a method or methods to eliminate or reduce the effects of hazards.
- **Safety Assurance** means processes within a transit agency's Safety Management System that functions to ensure the implementation and effectiveness of safety risk mitigation, and to ensure that the transit agency meets or exceeds its safety objectives through the collection, analysis, and assessment of information.
- **Safety Management Policy** means a transit agency's documented commitment to safety, which defines the transit agency's safety objectives and the accountabilities and responsibilities of its employees in regard to safety.
- **Safety Management System (SMS)** means the formal, top-down, organization-wide approach to managing safety risk and assuring the effectiveness of a transit agency's safety risk mitigation. SMS includes systematic procedures, practices, and policies for managing risks and hazards.
- **Safety Management System (SMS) Executive** means a Chief Safety Officer or an equivalent.
- **Safety performance target** means a performance target related to safety management activities.
- **Safety Promotion** means a combination of training and communication of safety information to support SMS as applied to the transit agency's public transportation system.
- **Safety risk assessment** means the formal activity whereby a transit agency determines Safety Risk Management priorities by establishing the significance or value of its safety risks.
- **Safety Risk Management (SRM)** means a process within a transit agency's Agency Safety Plan for identifying hazards and analyzing, assessing, and mitigating safety risk.
- **Serious injury** means any injury which: (1) requires hospitalization for more than 48 hours, commencing within 7 days from the date when the injury was received; (2) results in a fracture of any bone (except simple fractures of fingers, toes, or noses); (3) causes severe hemorrhages, nerve, muscle, or tendon damage; (4) involves any internal organ; or (5) involves second- or third-degree burns, or any burns affecting more than 5 percent of the body surface.
- **State** means a State of the United States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, Guam, American Samoa, and the Virgin Islands.
- **Transit agency** means an operator of a public transportation system.
- **Transit worker** means any employee, contractor, or volunteer working on behalf of the transit agency.
- **Transit Asset Management Plan** means the strategic and systematic practice of procuring, operating, inspecting, maintaining, rehabilitating, and replacing transit capital assets to manage their performance, risks, and costs over their life cycles, for the purpose of providing safe, cost-effective, and reliable public transportation, as required by 49 U.S.C. 5326 and 49 CFR Part 625.
- **Urbanized Area** means, as defined under 49 U.S.C. 5302, an area encompassing a population of 50,000 or more that has been defined and designated in the most recent decennial census as a urban area by the Secretary of Commerce.

<u>Acronym</u>	<u>Word or Phase</u>
ASP	Agency Safety Plan
ESRP	Employee Safety Reporting Program
FTA	Federal Transit Administration
GM	General Manager
MPO	Metropolitan Planning Organization
PTASP	Public Transportation Agency Safety Plan
SMP	Safety Management Policy
SMS	Safety Management System

**SRM  
SMART  
VRM**

**Safety Risk Management  
Suburban Mobility Authority for Regional Transportation  
Vehicle Revenue Miles**



MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: New Business







SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Authorization of Contract Amendment No. 1 for the Extension of Employee Benefits Consultant Services

- Whereas, On January 23, 2020, the Suburban Mobility Authority for Regional Transportation (SMART) Board of Directors approved entering into a contract with AP Global Insurance DBA Manquen Vance (formerly known as Cornerstone Municipal Advisory Group, LLC) to provide SMART with employee benefit consultant services; and
- Whereas, In alignment with our commitment to attract and retain top talent, SMART is transitioning its employee benefits to be more inclusive and supportive of diverse employee needs.
- Whereas, To support this process, the continued services of Manquen Vance are required, especially considering the recent changes in current benefits and the total compensation analysis; and
- Whereas, The historical knowledge of Manquen Vance will be valuable in the assessment of our employee and retiree benefit services; and
- Whereas, Contract Amendment No. 1 will extend the contract from February 1, 2025, through January 31, 2026, for the amount not to exceed \$110,000. Price was determined to be fair and reasonable. All other terms and conditions of the contract shall remain unchanged; and
- Whereas, This project is paid for using Operating funds; and
- Whereas, The Vice President of Finance is satisfied that AP Global Insurance DBA Manquen Vance has performed under the contract terms and conditions of the agreement; and
- Whereas, The EEO Department is satisfied that AP Global Insurance DBA Manquen Vance is in compliance with the equal opportunity/affirmative action policies of the Federal and State government and the affirmative action policies of SMART; now, therefore be it
- Resolved, That the Suburban Mobility Authority for Regional Transportation is hereby authorized to enter into Contract Amendment No. 1 to extend services for employee benefits consultant services with AP Global Insurance DBA Manquen Vance from February 1, 2025, through January 31, 2026, in the amount not to exceed \$110,000.00.

CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation held on December 5, 2024.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Administrator









SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Ratification for Payment of Services Rendered for Concrete Repair During Option Year 2

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- Whereas, The Suburban Mobility Authority for Regional Transportation (SMART) entered into a contract with Hartwell Cement Company to supply SMART with concrete repair services; and
- Whereas, The contract amount was estimated to be \$45,000.00 per year, an amount which is under the board approval threshold; and
- Whereas, Option Year 2 was effective May 1, 2023 – April 30, 2024, and the repairs exceeded the Purchase Order amount by \$16,358.00. Price was determined to be fair and reasonable. The increased cost is above the board approval threshold; and
- Whereas, Ratification of payment in the amount of \$16,358.00 for services rendered from May 1, 2023, through April 30, 2024, is needed; and
- Whereas, This project is paid for using Operating funds; and
- Whereas, The Vice President of Finance is satisfied that Hartwell Cement Company has performed under the contract terms and conditions of the agreement; and
- Whereas, The EEO Department is satisfied that Hartwell Cement Company is in compliance with the equal opportunity/affirmative action policies of the Federal and State government and the affirmative action policies of SMART; now, therefore be it
- Resolved, That the Suburban Mobility Authority for Regional Transportation is hereby authorized to ratify payment for services rendered from May 1, 2023, through April 30, 2024, to Hartwell Cement Company in the amount not to exceed \$16,358.00.

CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation held on December 5, 2024.

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Date

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Board Administrator







SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Authorization to Award a Contract for Paratransit & Support Vehicle Tires

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- Whereas, The Suburban Mobility Authority for Regional Transportation (SMART) maintenance department requires tires for paratransit and support vehicles; and
- Whereas, The vendor will supply and dispose of tires as needed for SMART paratransit and authority support vehicles; and
- Whereas, An Invitation for Bid (IFB) was advertised in the Michigan Chronicle and published on the Michigan Inter-governmental Trade Network (MITN). SMART received two sealed bids; and
- Whereas, JAM Admin Inc. was determined to be the lowest-priced, responsive, and responsible bidder. Price was determined to be fair and reasonable; and
- Whereas, The project is funded via operating funds; and
- Whereas, The Vice President of Finance is satisfied that JAM Admin Inc. has the potential to perform under the terms and conditions of the contract; and
- Whereas, The EEO Department is satisfied that JAM Admin Inc. is in compliance with the equal opportunity and affirmative action laws and policies of the Federal and State governments and the affirmative action policies of SMART; now, therefore be it
- Resolved, That the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a contract for the supply and disposal of tires for paratransit and support vehicles to JAM Admin Inc. for three years, beginning February 1, 2025, through January 31, 2028, at an amount not to exceed \$650,000.00.

CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation held on December 5, 2024.

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Date

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Board Administrator



MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: Board Member Business





MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 5, 2024

SUBJECT: Adjournment

