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# Mass Transportation Authority

Flint, Michigan

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**Financial Report**  
**with Supplementary Information**  
**September 30, 2023**

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## Independent Auditor's Report

To the Board of Directors  
Mass Transportation Authority

### Report on the Audits of the Financial Statements

#### **Opinions**

We have audited the financial statements of the enterprise fund and fiduciary fund of the Mass Transportation Authority (the "Authority") as of and for the years ended September 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and fiduciary fund of the Authority as of September 30, 2023 and 2022 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

To the Board of Directors  
Mass Transportation Authority

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

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

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

#### ***Required 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information, as identified in the table of contents, except for schedules 6, 9, and 12, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, except for schedules 6, 9, and 12, 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 schedules 6, 9, and 12, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors  
Mass Transportation Authority

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 18, 2024

As management of the Mass Transportation Authority (the "Authority" or MTA), we offer readers this narrative overview and analysis of the financial activities for the years ended September 30, 2023 and 2022. The management's discussion and analysis is designed to assist readers of financial statements in focusing on significant financial activities and issues and to identify any significant changes. As this information is presented in summary form, it should be read in conjunction with the financial statements as a whole.

### ***Financial Highlights***

- The Authority has net position of \$79,010,608 at September 30, 2023. This net position results from the difference between total assets of \$88,312,959 and total liabilities of \$8,329,737.
- Current assets of \$28,979,407 primarily consist of nonrestricted cash and investments of \$16,769,811, government receivables of \$8,961,011, inventory of \$1,973,550, and other accounts receivable of \$1,177,549.
- Current liabilities of \$4,094,036 primarily consist of accounts payable of \$1,021,284, accrued liabilities and other accruals of \$623,952, and compensated absences (current portion) of \$908,627.
- Passenger fares totaling \$4,754,798 in 2023 increased by \$601,942 over 2022 due to an increase in ridership, noting that ridership as a whole has still not returned to pre-pandemic levels.

### ***Overview of the Financial Statements***

The discussion and analysis provided here is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two kinds of statements: (1) proprietary fund and (2) OPEB trust fund, which is a fiduciary fund. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

- Proprietary funds - The proprietary fund statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The statement of revenue, expenses, and changes in net position accounts for all of the current year's revenue and expenses, regardless of when cash is received or paid.

The net position of the proprietary fund is reported in the statement of net position. Net position, the difference between the Authority's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the Authority's financial health or position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial position is improving or deteriorating. To assess the overall health of the Authority, you must also consider additional factors, such as changes in the Authority's tax base, the condition of its rolling stock and facilities, and changes in federal and state programs.

- Fiduciary funds - The Authority administers an OPEB plan that covers full-time employees who retired after January 1, 1993. The Authority is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These activities are excluded from the proprietary fund financial statements because the Authority cannot use these assets to finance its operations.

### ***Notes to the Financial Statements***

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements.

# Mass Transportation Authority

## Management's Discussion and Analysis (Continued)

### The Authority's Net Position

	2021	2022	2023	Change	Percent Change
<b>Assets</b>					
Current and other assets	\$ 22,936,202	\$ 25,015,988	\$ 29,912,598	\$ 4,896,610	19.6
Capital assets	64,343,702	57,478,906	58,400,361	921,455	1.6
Total assets	87,279,904	82,494,894	88,312,959	5,818,065	7.1
<b>Deferred Outflows of Resources</b>	261,293	449,415	244,511	(204,904)	(45.6)
<b>Liabilities</b>					
Current liabilities	2,901,847	3,363,137	4,094,036	730,899	21.7
Noncurrent liabilities	2,047,117	2,102,114	4,235,701	2,133,587	101.5
Total liabilities	4,948,964	5,465,251	8,329,737	2,864,486	52.4
<b>Deferred Inflows of Resources</b>	939,155	649,281	1,217,125	567,844	87.5
<b>Net Position</b>					
Net investment in capital assets	63,803,702	57,063,906	54,629,027	(2,434,879)	(4.3)
Restricted:					
Debt service	36,380	47,953	36,410	(11,543)	(24.1)
Capital projects	231,516	231,516	231,516	-	-
Unrestricted	17,581,480	19,486,402	24,113,655	4,627,253	23.7
Total net position	<b>\$ 81,653,078</b>	<b>\$ 76,829,777</b>	<b>\$ 79,010,608</b>	<b>\$ 2,180,831</b>	2.8

The largest portion of the Authority's net position reflects investment in capital assets consisting of buses and operating facilities. The Authority uses these capital assets to provide public transportation services for the Genesee County area.

### The Authority's Changes in Net Position

	2021	2022	2023	Change	Percent Change
<b>Revenue</b>					
Operating revenue	\$ 2,831,786	\$ 4,572,028	\$ 5,094,992	\$ 522,964	11.4
Nonoperating revenue - Net of expenses	40,710,218	39,211,183	48,619,087	9,407,904	24.0
Total revenue	43,542,004	43,783,211	53,714,079	9,930,868	22.7
<b>Expenses</b>					
Operating expense before depreciation	39,722,887	41,709,270	48,683,866	6,974,596	16.7
Depreciation expense	8,569,831	8,476,328	8,103,000	(373,328)	(4.4)
Total expenses	48,292,718	50,185,598	56,786,866	6,601,268	13.2
<b>Capital Grants</b>	5,946,000	1,579,086	5,253,618	3,674,532	232.7
<b>Change in Net Position</b>	1,195,286	(4,823,301)	2,180,831	7,004,132	(145.2)
<b>Net Position - Beginning of year</b>	80,457,792	81,653,078	76,829,777	(4,823,301)	(5.9)
<b>Net Position - End of year</b>	<b>\$ 81,653,078</b>	<b>\$ 76,829,777</b>	<b>\$ 79,010,608</b>	<b>\$ 2,180,831</b>	2.8

The Authority saw an increase in operating revenue due to additional fares with more riders taking public transit after the COVID-19 pandemic. There was also an increase in nonoperating revenue due to the Authority drawing down more of its COVID-19 funding.

Operating expenses also increased this year. The Authority had an increase in labor fees and the associated fringes.

# Mass Transportation Authority

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## Management's Discussion and Analysis (Continued)

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### **Capital Assets**

The Authority's investment in capital assets, net of accumulated depreciation, and related long-term debt at September 30, 2023 and 2022 was \$54,629,027 and \$57,063,906, respectively. This investment in capital assets includes land, buildings, construction in progress, leasehold improvements, revenue equipment, maintenance and garage equipment, service cars, and furniture and fixtures.

Detailed information concerning capital assets can be found in Note 5 to the financial statements.

The Authority has made a commitment to invest in hydrogen buses and to expand MTA's hydrogen fueling station in Grand Blanc to accommodate the new vehicles.

### **Contactless Fare System**

The Authority has made a significant investment in the implementation of a contactless fare system (Genfare). Riders will be introduced to the new fare system in 2024 and will be able to use tap cards and/or a mobile app to facilitate fixed route ridership fees in place of cash and coins.

### **Capital Operating Expenses**

Capital operating expenses for fiscal year 2023 were approximately \$5.2 million compared to \$1.6 million for fiscal year 2022. These operating costs are budgeted and are reimbursable by the federal and state governments.

### **Long-term Debt**

At September 30, 2023 and 2022, the Authority had \$3,152,322 and \$280,000, respectively, of long-term debt and \$908,627 and \$832,934, respectively, of compensated absences. The increase in long-term debt from 2022 to 2023 is related to the purchase of the CNG station from Consumers Energy, which occurred in December 2022.

The net OPEB (asset) liability was \$(896,781) and \$188,817 at September 30, 2023 and 2022, respectively.

### **Economic Factors**

The COVID-19 pandemic has stifled the Authority's ridership and impacted its revenue since March 2020. The CARES Act funding and the CRRSA Act funding have provided revenue to offset wages, loss of revenue, and continuing expenses related to personal protective equipment (PPE) for its transit system and its employees.

The Mass Transportation Authority continues to review all MTA services to determine how to right-size the organization to provide the best service possible to all our customers. As part of this effort, the MTA has engaged a consulting firm to conduct a grant-funded route study, which is ongoing in 2024.

### **Requests for Further Information**

This financial report is intended to provide a general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Mass Transportation Authority at 1401 S. Dort Highway, Flint, MI 48503.



# Mass Transportation Authority

## Statement of Net Position

September 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 16,769,811	\$ 20,241,861
Receivables:		
Other receivables	1,177,549	1,090,309
Due from federal and state governments	8,573,300	1,911,719
Due from local governments	387,711	55,624
Inventory	1,973,550	1,563,004
Prepaid expenses	97,486	105,518
Total current assets	<u>28,979,407</u>	<u>24,968,035</u>
Noncurrent assets:		
Restricted cash	36,410	47,953
Net OPEB asset (Note 10)	896,781	-
Capital assets: (Note 5)		
Assets not subject to depreciation	6,185,550	4,006,283
Assets subject to depreciation - Net	52,214,811	53,472,623
Total noncurrent assets	<u>59,333,552</u>	<u>57,526,859</u>
Total assets	<u>88,312,959</u>	<u>82,494,894</u>
<b>Deferred Outflows of Resources</b> - Deferred OPEB costs (Note 10)	244,511	449,415
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,021,284	1,002,563
Due to other governmental units	362,576	110,117
Current portion of self-insurance liabilities (Note 8)	592,335	648,372
Accrued liabilities and other	623,952	662,901
Current portion of compensated absences (Note 6)	908,627	832,934
Current portion or long-term debt (Note 6)	585,262	106,250
Total current liabilities	<u>4,094,036</u>	<u>3,363,137</u>
Noncurrent liabilities:		
Payable from restricted assets:		
Interest payable from restricted assets	2,660	3,943
Principal payable from restricted assets (Note 6)	33,750	28,750
Self-insurance liabilities (Note 8)	1,046,969	1,600,604
Net OPEB liability (Note 10)	-	188,817
Long-term debt - Net of current portion (Note 6)	3,152,322	280,000
Total noncurrent liabilities	<u>4,235,701</u>	<u>2,102,114</u>
Total liabilities	<u>8,329,737</u>	<u>5,465,251</u>
<b>Deferred Inflows of Resources</b> - Deferred OPEB cost reductions (Note 10)	1,217,125	649,281
<b>Net Position</b>		
Net investment in capital assets	54,629,027	57,063,906
Restricted:		
Debt service	36,410	47,953
Capital projects	231,516	231,516
Unrestricted	24,113,655	19,486,402
Total net position	<u><u>\$ 79,010,608</u></u>	<u><u>\$ 76,829,777</u></u>

# Mass Transportation Authority

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

Years Ended September 30, 2023 and 2022

	2023	2022
<b>Operating Revenue</b>		
Passenger fares	\$ 4,754,798	\$ 4,152,856
Advertising, rent, and miscellaneous	340,194	419,172
Total operating revenue	5,094,992	4,572,028
<b>Operating Expenses</b>		
Labor	24,390,113	21,663,009
Fringe benefits	8,300,932	7,347,024
Services	4,369,508	3,470,923
Materials and supplies	7,813,801	6,143,359
Utilities	1,380,006	1,292,494
Insurance	2,072,859	1,626,186
Taxes and fees	2,381	5,901
Leases and rentals	23,250	12,333
Miscellaneous expenses	331,016	148,041
Depreciation	8,103,000	8,476,328
Total operating expenses	56,786,866	50,185,598
<b>Operating Loss</b>	(51,691,874)	(45,613,570)
<b>Nonoperating Revenue (Expense)</b>		
Investment income - Net	135,440	11,204
Gain on sale of assets	114,637	112,640
Property taxes	13,944,913	13,058,009
Federal operating grants	17,806,632	11,797,315
State operating grants	15,711,252	13,467,029
Other local grants	208,853	21,703
Other nonoperating revenue	851,909	767,746
Interest on leases	(154,549)	(24,463)
Total nonoperating revenue	48,619,087	39,211,183
<b>Loss - Before capital grants</b>	(3,072,787)	(6,402,387)
<b>Capital Contributions</b>		
Federal sources	4,305,868	1,266,053
State sources	947,750	313,033
Total capital contributions	5,253,618	1,579,086
<b>Change in Net Position</b>	2,180,831	(4,823,301)
<b>Net Position - Beginning of year</b>	76,829,777	81,653,078
<b>Net Position - End of year</b>	<b>\$ 79,010,608</b>	<b>\$ 76,829,777</b>

# Mass Transportation Authority

## Statement of Cash Flows

Years Ended September 30, 2023 and 2022

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 5,072,092	\$ 4,433,709
Payments to suppliers	(16,600,483)	(12,711,773)
Payments to employees and fringes	(33,111,516)	(29,181,034)
Net cash, cash equivalents, and restricted cash used in operating activities	(44,639,907)	(37,459,098)
<b>Cash Flows from Noncapital Financing Activities</b>		
Principal and interest paid on operating debt	(279,811)	(145,521)
Federal operating grants	17,718,175	13,854,590
State operating grants	9,885,541	15,450,610
Local operating grants	208,853	21,703
Property taxes not restricted for capital activities	13,612,826	13,106,331
Other nonoperating receipts	882,068	801,268
Net cash, cash equivalents, and restricted cash provided by noncapital financing activities	42,027,652	43,088,981
<b>Cash Flows from Capital and Related Financing Activities</b>		
Receipt of capital grants	4,411,706	1,525,531
Proceeds from sale of capital assets	114,637	112,640
Purchase of capital assets	(5,533,121)	(1,611,532)
Net cash, cash equivalents, and restricted cash (used in) provided by capital and related financing activities	(1,006,778)	26,639
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	135,440	11,204
<b>Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash</b>	(3,483,593)	5,667,726
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of year</b>	20,289,814	14,622,088
<b>Cash, Cash Equivalents, and Restricted Cash - End of year</b>	<b>\$ 16,806,221</b>	<b>\$ 20,289,814</b>
<b>Classification of Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and investments	\$ 16,769,811	\$ 20,241,861
Restricted cash	36,410	47,953
Total cash, cash equivalents, and restricted cash	<b>\$ 16,806,221</b>	<b>\$ 20,289,814</b>

## Mass Transportation Authority

### Statement of Cash Flows (Continued)

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (51,691,874)	\$ (45,613,570)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	8,103,000	8,476,328
Changes in assets and liabilities:		
Receivables	(22,900)	(138,319)
Inventories	(410,546)	(251,902)
Prepaid and other assets	8,032	(51,972)
Accrued wages and other liabilities	593,567	(454,940)
Accounts payable	(338,492)	452,466
Net OPEB (liability) asset	(1,085,598)	310,933
Deferrals related to OPEB	204,904	(188,122)
Total adjustments	<u>7,051,967</u>	<u>8,154,472</u>
Net cash, cash equivalents, and restricted cash used in operating activities	<u><b>\$ (44,639,907)</b></u>	<u><b>\$ (37,459,098)</b></u>
<b>Significant Noncash Transactions</b> - Purchase of CNG station through installment purchase agreement	\$ 3,491,334	\$ -

## Mass Transportation Authority

### Statement of Fiduciary Net Position

September 30, 2023 and 2022

	Retiree OPEB Trust	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents (Note 4)	\$ 64,019	\$ 32,237
Investments - Mutual funds (Note 4)	2,440,209	2,028,638
Total assets	2,504,228	2,060,875
<b>Liabilities</b>	-	-
<b>Net Position</b> - Restricted for other postemployment benefits	<b>\$ 2,504,228</b>	<b>\$ 2,060,875</b>

## Mass Transportation Authority

### Statement of Changes in Fiduciary Net Position

Years Ended September 30, 2023 and 2022

	Retiree OPEB Trust	
	2023	2022
<b>Additions</b>		
Investment income (loss):		
Interest and dividends	\$ 88,649	\$ 93,536
Change in fair value of investment	114,552	(467,655)
Investment-related expenses	(20,336)	(19,063)
Net investment income (loss)	182,865	(393,182)
Contributions - Employer	289,077	281,707
Total additions	471,942	(111,475)
<b>Deductions - Benefit payments</b>	28,589	26,646
<b>Net Increase (Decrease) in Net Position</b>	443,353	(138,121)
<b>Net Position Restricted for Other Postemployment Benefits - Beginning of year</b>	2,060,875	2,198,996
<b>Net Position Restricted for Other Postemployment Benefits - End of year</b>	<b>\$ 2,504,228</b>	<b>\$ 2,060,875</b>

September 30, 2023 and 2022

### Note 1 - Significant Accounting Policies

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

The Mass Transportation Authority (the "Authority" or MTA) was incorporated on September 27, 1971 under the provisions of the Mass Transportation System Authorities Act, Act 55 of the Public Acts of Michigan of 1963. The Authority provides transportation to the general public in the city of Flint and Genesee County area. The Authority is managed by a governing committee consisting of the city administrator of the City of Flint, Michigan or his or her designee and 10 United States citizens, including the following: (1) the chairperson of Genesee County Board of Commissioners or another county commissioner designated by the chairperson, (2) a representative of Genesee County Chapter of the Michigan Township Association, (3) a representative of Genesee County Chapter of Small Cities and Villages Association, (4) a representative of the education community designated by Flint Schools superintendent, (5) the president of the Flint City Council or his or her designee, (6) the county commissioner selected by the Genesee County Board of Commissioners, (7) two Flint residents appointed by the mayor with concurrence of the Flint City Council, (8) one Flint resident appointed by the Flint City Council, and (9) one Genesee County resident appointed by the Genesee County Board of Commissioners. The respective representatives of the Michigan Township Association and the Small Cities and Villages Association shall be selected, from among at least three persons nominated by the associations, by the Board of County Commissioners.

The Retiree OPEB Trust is governed by the Authority's board. Although it is legally separate from the Authority, it is reported as a fiduciary component unit because the Authority appoints a voting majority board and the plan imposes a financial burden on the Authority.

#### ***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 (GASB). 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**

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

##### **Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Authority's programs. The Authority reports the activities of the Retiree OPEB Trust in a single fiduciary fund.

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

Proprietary funds 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.

Note 1 - Significant Accounting Policies (Continued)

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.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items.

Restricted Cash

The revenue bonds require amounts to be set aside for debt service principal and interest. These amounts have been classified as restricted cash.

Capital Assets

Capital assets, which include land, construction in progress, buildings, leasehold improvements, revenue equipment, maintenance and garage equipment, service cars, and furniture and fixtures, are reported in the proprietary fund financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings	20 - 30
Revenue equipment	4 - 12
Service cars	3 - 6
Furniture and fixtures	4 - 10
Leasehold improvements	10 - 30
Maintenance and garage equipment	5 - 10

Grant Activities

The federal government, through the Federal Transit Administration (FTA) and the Michigan Department of Transportation (MDOT), provides financial assistance and grants directly to the Authority for operations and acquisition of property and equipment. Operating grants are recorded as grant receivables and revenue when the qualified expenditures are recorded. Federal and state capital acquisition grants fund the purchase of capital items, including buses and related transportation equipment used by the Authority. 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 sale proceeds or fair market value, if any, of such property may be used to acquire like-kind replacement assets or can be remitted to the granting federal agency at its discretion.



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

**Long-term Obligations**

In the statement of net position, long-term debt is reported as liabilities in the applicable statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

**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 will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows of resources related to OPEB.

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 will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources related to OPEB.

**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 in the government-wide and proprietary fund financial statements (as applicable), 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.

**Property Tax Revenue**

Property taxes are levied in each political jurisdiction within Genesee County. Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied in the following December and are payable without penalty through February 28. The political jurisdictions within Genesee County bill and collect their own property taxes and remit payments to the Mass Transportation Authority. Real property taxes delinquent at March 1 are remitted to the county. Property tax revenue is recognized in the fiscal year levied. The one exception is the City of Flint, Michigan, which levies the millage itself and then remits it to the Authority. That millage is levied in July and is payable without penalty through September of that same year.

**Other Postemployment Benefit Costs**

The Authority offers retiree health care benefits to eligible retirees. The Authority records a net OPEB liability or 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 or 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.

**Compensated Absences**

Vacation leave time is accrued at varying amounts depending on the number of years of service of an employee. Vacation leave is credited to hourly employees annually on the anniversary of their seniority date; for management employees, vacation credit is accrued monthly. Earned vacation credit is payable at 100 percent to employees upon termination up to a maximum of 320 hours.

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

Vacation used during the year is recorded as current salaries and wages expenses, and vacation earned during the year is recorded as an accrued liability. At year end, each employee's accumulated leave is computed by applying their current (year-end) rate of pay times total accumulated hours. Accumulated compensated absences represent a liability to the Authority, which is presented as a current liability.

**Self-insurance Liabilities and Expense**

MTA has a self-insurance program for general liability, property damage claims, and the workers' compensation claims. Claims are accrued in the year the expenses are incurred based upon the estimates of the claim liabilities made by management, legal counsel of MTA, and actuaries. Also provided for are estimates of claims incurred during the year but not yet reported. Claims expense is accrued in the period the incidents of loss occur based upon estimates of liability made by management with the assistance of third-party administration, legal counsel, and actuaries. The claims liability is the best estimate based on known information.

**Cost Allocation Plans**

The Mass Transportation Authority allocates expenses between various program activities for grant reporting purposes. The allocations are prepared based on a cost allocation plan and methodology that has been approved by the grantor agency (i.e., service hours, service miles, or peak vehicle).

The Mass Transportation Authority has four cost allocation plans where the methodology has been approved by the Office of Passenger Transportation (OPT). Those cost allocations are for specialized service cost, urban/nonurban and JARC program cost, JARC revenue, and transfer center rental space. These cost allocation plans were adhered to in the preparation of the financial statements.

**Proprietary Funds Operating Classification**

Proprietary funds distinguish 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 proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**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.

**Comparative Data**

The financial statements include prior year comparative information to provide an understanding of the changes in the Authority's financial position and operations.

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

***Upcoming Accounting Pronouncements***

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements, the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2024.

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

**Note 2 - Stewardship, Compliance, and Accountability**

***Excess of Expenditures Over Appropriations in Budgeted Funds***

The Authority did not have significant expenditure budget variances.

***Noncompliance with Legal or Contractual Provisions***

The Authority's credit card policy appears to be in compliance with PA 266; however, the Authority is unable to provide support that the policy was formally approved by the board, which is a violation of Michigan law.

**Note 3 - State of Michigan Operating Assistance Funds**

Under Act 51 of the Public Acts of 1951 (Act 51), as amended, the State of Michigan makes distributions of funds that have been appropriated for mass transit operating assistance. The Authority has recorded operating grant revenue under Act 51 based on a formula that takes into account the eligible costs incurred by the Authority and preliminary information made available by the Michigan Department of Transportation as to the eligible expenses reimbursement percentage for the fiscal year ended September 30, 2023.

The latest final determination of State of Michigan operating assistance allocable to the Authority in accordance with the Act 51 funding formula was for the fiscal year ended September 30, 2019. The resulting increase in revenue has been finalized with the State and has been received by the Authority. Furthermore, the Authority awaits the final determination for the years ended September 30, 2020, 2021, 2022, and 2023. The Authority has recorded a liability or receivable based on MDOT's preliminary eligible expenses reimbursement percentage for 2023 based on management's anticipation of the results of the State's final determination of the Act 51 funding formula for 2023.

September 30, 2023 and 2022

**Note 4 - Deposits and Investments**

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

	2023		
	Business-type Activities	Fiduciary	Total
Cash and cash equivalents	\$ 16,769,811	\$ 64,019	\$ 16,833,830
Investments	-	2,440,209	2,440,209
Restricted cash	36,410	-	36,410
<b>Total deposits and investments</b>	<b>\$ 16,806,221</b>	<b>\$ 2,504,228</b>	<b>\$ 19,310,449</b>

  

	2022		
	Business-type Activities	Fiduciary	Total
Cash and cash equivalents	\$ 20,241,861	\$ 32,237	\$ 20,274,098
Investments	-	2,028,638	2,028,638
Restricted cash	47,953	-	47,953
<b>Total deposits and investments</b>	<b>\$ 20,289,814</b>	<b>\$ 2,060,875</b>	<b>\$ 22,350,689</b>

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 270 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.

The Retiree OPEB Trust is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Authority has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States, certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, commercial paper, repurchase agreements, bankers' acceptances of United States banks, mutual funds, investment pools organized under the surplus funds investment pool act (1982 PA 367), and investment pools organized under the local government investment pool act (1985 PA 121). The Authority's deposits and investments are in accordance with statutory authority.

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. The Authority does not have a deposit policy for custodial credit risk. At September 30, 2023 and 2022, the Authority had bank deposits (checking accounts) of \$17,062,263 and \$20,490,234, respectively, that were uninsured and uncollateralized. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

September 30, 2023 and 2022

**Note 4 - Deposits and Investments (Continued)**

**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. The Authority's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The Authority's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Authority had the following investments:

Investment	2023		2022	
	Carrying Value	Weighted-average Maturity (Years)	Carrying Value	Weighted-average Maturity (Years)
<b>Fiduciary Funds</b>				
Mutual funds - Fixed income	\$ 1,155,591	8.2	\$ 1,033,086	8.2

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority has no investment policy that would further limit its investment choices. As of September 30, 2023 and 2022, the credit quality ratings of investments are as follows:

Investment	2023			2022		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
<b>Fiduciary Funds</b>						
Mutual funds - Fixed income	\$ 1,155,591	Not rated	N/A	\$ 1,033,086	Not rated	N/A
Mutual funds - Equity	1,284,618	Not rated	N/A	995,552	Not rated	N/A
Total	<u>\$ 2,440,209</u>			<u>\$ 2,028,638</u>		

**Fair Value Measurements**

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

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

The Authority has the following recurring fair value measurements:

- As of September 30, 2023, mutual funds of \$2,440,209 are valued using quoted market prices (Level 1 inputs). This includes fixed-income mutual funds of \$1,155,591 and equity mutual funds of \$1,284,618.
- As of September 30, 2022, mutual funds of \$2,028,638 are valued using quoted market prices (Level 1 inputs). This includes fixed-income mutual funds of \$1,033,086 and equity mutual funds of \$995,552.

**September 30, 2023 and 2022**

**Note 5 - Capital Assets**

Capital asset activity of the Authority's business-type activities was as follows:

***Business-type Activities***

	Balance October 1, 2022	Reclassifications	Additions	Disposals	Balance September 30, 2023
Capital assets not being depreciated:					
Land	\$ 3,781,718	\$ -	\$ -	\$ -	\$ 3,781,718
Construction in progress	224,565	(69,265)	2,248,532	-	2,403,832
Subtotal	4,006,283	(69,265)	2,248,532	-	6,185,550
Capital assets being depreciated:					
Buildings	73,245,074	-	4,854,352	-	78,099,426
Revenue equipment	65,818,311	-	1,441,116	(1,641,019)	65,618,408
Service cars	923,482	-	52,809	(70,904)	905,387
Furniture and fixtures	5,200,717	69,265	399,100	-	5,669,082
Maintenance and garage equipment	1,333,061	-	28,546	(6,800)	1,354,807
Subtotal	146,520,645	69,265	6,775,923	(1,718,723)	151,647,110
Accumulated depreciation:					
Buildings	50,025,585	-	1,834,290	-	51,859,875
Revenue equipment	37,377,690	-	5,760,407	(1,658,403)	41,479,694
Service cars	796,408	-	57,929	(60,320)	794,017
Furniture and fixtures	4,253,336	-	354,574	-	4,607,910
Maintenance and garage equipment	595,003	-	95,800	-	690,803
Subtotal	93,048,022	-	8,103,000	(1,718,723)	99,432,299
Net capital assets being depreciated	53,472,623	69,265	(1,327,077)	-	52,214,811
Net capital assets	\$ 57,478,906	\$ -	\$ 921,455	\$ -	\$ 58,400,361

September 30, 2023 and 2022

**Note 5 - Capital Assets (Continued)**

	Balance October 1, 2021	Reclassifications	Additions	Disposals and Reclassifications	Balance September 30, 2022
Capital assets not being depreciated:					
Land	\$ 3,749,736	\$ -	\$ 31,982	\$ -	\$ 3,781,718
Construction in progress	7,625	(7,625)	224,565	-	224,565
Subtotal	3,757,361	(7,625)	256,547	-	4,006,283
Capital assets being depreciated:					
Buildings	73,245,074	-	-	-	73,245,074
Revenue equipment	72,358,238	-	658,397	(7,198,324)	65,818,311
Service cars	937,553	-	-	(14,071)	923,482
Furniture and fixtures	10,629,678	7,625	621,549	(6,058,135)	5,200,717
Maintenance and garage equipment	1,267,390	-	75,039	(9,368)	1,333,061
Subtotal	158,437,933	7,625	1,354,985	(13,279,898)	146,520,645
Accumulated depreciation:					
Buildings	47,948,263	-	2,077,322	-	50,025,585
Revenue equipment	38,720,808	-	5,855,205	(7,198,323)	37,377,690
Service cars	711,770	-	98,709	(14,071)	796,408
Furniture and fixtures	9,964,073	-	347,397	(6,058,134)	4,253,336
Maintenance and garage equipment	506,678	-	97,695	(9,370)	595,003
Subtotal	97,851,592	-	8,476,328	(13,279,898)	93,048,022
Net capital assets being depreciated	60,586,341	7,625	(7,121,343)	-	53,472,623
Net capital assets	\$ 64,343,702	\$ -	\$ (6,864,796)	\$ -	\$ 57,478,906

Depreciation expense recognized in fiscal years 2023 and 2022 was \$8,103,000 and \$8,476,328 respectively.

**Commitments**

The Authority has active projects at year end. The projects include a canopy project for electric vehicles, a new contactless fare system, and new bus washes. At year end, the Authority's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Canopy project	\$ 1,229,261	\$ 3,594,739
Genfare	852,607	1,954,742
Interclean Equipment - New bus wash	123,060	586,486
Total	\$ 2,204,928	\$ 6,135,967

September 30, 2023 and 2022

**Note 6 - Long-term Debt**

Long-term debt activity for the years ended September 30, 2023 and 2022 can be summarized as follows:

		2023					
Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	
Direct borrowings - CNG fueling station - Installment purchase agreement	5.00% \$48,842 - \$53,640	\$ -	\$ 3,850,000	\$ (358,666)	\$ 3,491,334	\$ 484,012	
Other debt - 2018 revenue bonds	3.80% \$135,000 - \$145,000	415,000	-	(135,000)	280,000	135,000	
Total direct borrowings and other debt		415,000	3,850,000	(493,666)	3,771,334	619,012	
Compensated absences		832,934	1,436,327	(1,360,634)	908,627	908,627	
Total long-term debt		<u>\$ 1,247,934</u>	<u>\$ 5,286,327</u>	<u>\$ (1,854,300)</u>	<u>\$ 4,679,961</u>	<u>\$ 1,527,639</u>	
		2022					
Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year	
Bonds and contracts payable - Other debt - 2018 revenue bonds	3.80% \$135,000 - \$145,000	\$ 540,000	\$ -	\$ (125,000)	\$ 415,000	\$ 135,000	
Compensated absences		779,162	1,168,762	(1,114,990)	832,934	832,934	

The 2018 revenue bonds above require a restriction at year end of principal and interest based on a percentage of amounts due. As of September 30, 2023, the \$135,000 principal due within one year includes \$101,250 current portion of bonds payable and \$33,750 principal payable from restricted assets. As of September 30, 2022, the \$135,000 principal due within one year includes \$106,250 current portion of bonds payable and \$28,750 principal payable from restricted assets.

**Revenue Bonds**

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service. The Authority has pledged substantially all of the Water and Sewer Fund, net of operating expenses, to repay the revenue bonds listed above. Proceeds from the bonds provided financing for the purchase of the land, buildings, and related facilities to be used in part to house various functions of the Authority, as well as all work and equipment necessary or incidental to these facilities. The bonds are payable from the net revenue of the Authority's transportation system. As additional security, the Authority has also pledged to the payment of the bonds any grants received by the Authority available for such purposes and any other funds of the Authority that are available and legally authorized to be used for such purposes. The remaining principal and interest to be paid on the bonds were \$296,150 and \$446,920 as of September 30, 2023 and 2022, respectively. Net revenue of the system was \$10,438,380 and \$3,677,490, compared to annual debt requirements of \$145,640 and \$150,770 as of September 30, 2023 and 2022, respectively.



**Note 6 - Long-term Debt (Continued)**

***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending September 30	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 484,012	\$ 166,265	\$ 135,000	\$ 10,640	\$ 795,917
2025	509,596	140,681	145,000	5,510	800,787
2026	536,038	114,239	-	-	650,277
2027	563,853	86,424	-	-	650,277
2028	592,946	57,331	-	-	650,277
2029-2033	804,889	28,011	-	-	832,900
Total	<u>\$ 3,491,334</u>	<u>\$ 592,951</u>	<u>\$ 280,000</u>	<u>\$ 16,150</u>	<u>\$ 4,380,435</u>

***Significant Terms***

**Other Debt**

The outstanding revenue bonds contain a provision that, in an event of default and upon the filing of a suit by the owners of 20 percent or more of the principal amount of the bonds outstanding, any court having jurisdiction of the action may appoint a receiver to administer the system on behalf of the Authority with power to charge and collect rates sufficient to provide for the payment of the bonds, for the payment of operation expenses, and to apply income and revenue in accordance with the bond resolution and the laws of the State of Michigan.

**Note 7 - Retirement Plans**

***Management Employees' Retirement Plan***

The Management Employees' Retirement Plan is a single-employer money purchase 401(a) pension plan that covers all management employees. There are no service or age requirements, and employees are 100 percent vested after five years of service (0 percent vested prior to five years of service). Employees are 100 percent vested in the employee rollover from the terminated defined benefit plan. The plan is fully funded, as it is MTA's policy to fund pension costs as they accrue. No liability existed for the plan for the years ended September 30, 2023 and 2022.

Employer contributions are to be determined by the employer and may be changed from time to time. The employer is to advise plan participants in writing of the percentage and of any change in the percentage. Employee contributions are mandatory to receive the employer contribution. Employees are required to contribute 4.0 percent to participate in the employer match of 8.0 percent.

The plan has the right to recover overpayments made by the plan to satisfy any claim arising from embezzlement or fraud committed by a participating employee, former participant, beneficiary, or other person who has a claim to an accumulated balance or any other benefit from the plan.

During the years ended September 30, 2023 and 2022, employer contributions were \$413,631 and \$362,209, respectively. During the years ended September 30, 2023 and 2022, employee contributions were \$206,769 and \$180,929, respectively.

***Hourly Employees' Retirement Plan***

The Hourly Employees' Retirement Plan is a single-employer defined contribution plan that covers all full-time hourly employees. There are no service or age requirements, and employees are 100 percent vested after five years of service (0 percent vested prior to five years of service).

**Note 7 - Retirement Plans (Continued)**

The plan is fully funded, as it is MTA's policy to fund pension costs as they accrue. Employees are required to contribute 4.0 percent to participate in the employer match of 4.0 percent. No liability existed for the plan for the years ended September 30, 2023 and 2022.

During the years ended September 30, 2023 and 2022, employer contributions were \$342,272 and \$309,166, respectively. During the years ended September 30, 2023 and 2022, employee contributions were \$342,094 and \$308,811, respectively.

**Note 8 - Risk Management**

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for property, boiler and machinery, crime, inland marine, public officials' liability, employee dishonesty, underground storage tank liability, excess workers' compensation, employee life, accidental death and dismemberment, short-term disability, medical, and dental coverages. The transfer of these risks to outside commercial insurers is regularly reviewed to be certain it makes economic sense. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

MTA is self-insured for automobile liability, general liability, and workers' compensation. MTA purchases excess of loss reinsurances to protect the Authority in the event of catastrophic losses on either a single occurrence or an annual aggregate basis. MTA has contracted with third-party administrators to oversee, adjust, and ultimately settle claims.

The claim liabilities are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The claim liability is estimated by the independent administrator.

The changes in the claim liability for the years ended September 30 are as follows:

	2023	2022	2021
Estimated liability - Beginning of year	\$ 2,248,976	\$ 2,332,925	\$ 1,311,942
Estimated claims incurred, including changes in estimates	1,271,314	196,726	1,244,033
Claim payments	<u>(1,880,986)</u>	<u>(280,675)</u>	<u>(223,050)</u>
Estimated liability - End of year	<u>\$ 1,639,304</u>	<u>\$ 2,248,976</u>	<u>\$ 2,332,925</u>

**Note 9 - Deferred Compensation**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to key officials and employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. During a previous year, the law was changed to allow trusts to be created for the plan assets, thereby insulating the assets from the unit of government's general creditors. The Authority's plan administrator created the trust and placed the assets of the plan within the trust. As a result, the plan assets have been removed from the enterprise fund to reflect that the Authority no longer has any fiduciary or administrative responsibility for the plan.

**Note 10 - Other Postemployment Benefit Plan**

***Plan Description***

The Authority provides retiree health care benefits for all employees who retired after January 1, 1993 and meet eligibility requirements. The benefits are provided through the plan, a single-employer defined benefit OPEB plan administered by the Authority.

***Benefits Provided***

The Authority reimburses all retirees with at least 10 years of service up to \$1,200 per year (\$100 per month) and retirees with at least 20 years of service up to \$1,800 per year (\$150 per month) for basic Medicare supplement coverage purchased for themselves.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

Date of member count	September 30, 2022
Retirees and beneficiaries	24
Inactive, nonretired members	8
Active plan members	<u>605</u>
Total plan members	<u><u>637</u></u>

***Contributions***

The contribution requirements of the plan members and the Authority are established and may be amended by the authority board. Actively employed plan members have no obligation to contribute to the plan. Retiree health care costs are paid by the Authority on a pay-as-you-go basis. The Authority has no obligation to make contributions in advance of when the insurance premiums are due for payment. At its discretion, the Authority will contribute to the trust as able.

***Net OPEB Liability***

The Authority has chosen to use the September 30 measurement date as its measurement date for the net OPEB liability. The September 30, 2023 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the September 30, 2023 measurement date. The September 30, 2023 measurement date total OPEB liability was determined by an actuarial valuation performed as of September 30, 2022, and projections were used to roll the information forward to the measurement date.

September 30, 2023 and 2022

**Note 10 - Other Postemployment Benefit Plan (Continued)**

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 October 1, 2022</b>	\$ 2,249,692	\$ 2,060,875	\$ 188,817
Changes for the year:			
Service cost	149,379	-	149,379
Interest	92,404	-	92,404
Differences between expected and actual experience	(13,488)	-	(13,488)
Changes in assumptions	(841,951)	-	(841,951)
Contributions - Employer	-	289,077	(289,077)
Net investment income	-	182,865	(182,865)
Benefit payments, including refunds	(28,589)	(28,589)	-
Net changes	(642,245)	443,353	(1,085,598)
<b>Balance at September 30, 2023</b>	<u>\$ 1,607,447</u>	<u>\$ 2,504,228</u>	<u>\$ (896,781)</u>

The plan's fiduciary net position represents 155.79 percent of the total OPEB liability.

Changes in Net OPEB (Asset) Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB (Asset) Liability
<b>Balance at October 1, 2021</b>	\$ 2,076,880	\$ 2,198,996	\$ (122,116)
Changes for the year:			
Service cost	144,328	-	144,328
Interest	85,429	-	85,429
Differences between expected and actual experience	(30,299)	-	(30,299)
Contributions - Employer	-	281,707	(281,707)
Net investment loss	-	(393,182)	393,182
Benefit payments, including refunds	(26,646)	(26,646)	-
Net changes	172,812	(138,121)	310,933
<b>Balance at September 30, 2022</b>	<u>\$ 2,249,692</u>	<u>\$ 2,060,875</u>	<u>\$ 188,817</u>

The plan's fiduciary net position represents 91.61 percent of the total OPEB liability at September 30, 2022.

**September 30, 2023 and 2022**

**Note 10 - Other Postemployment Benefit Plan (Continued)**

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

For the year ended September 30, 2023, the Authority recognized OPEB expense of \$114,644.

At September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,882	\$ (301,677)
Changes in assumptions	100,725	(915,448)
Net difference between projected and actual earnings on OPEB plan investments	<u>130,904</u>	<u>-</u>
Total	<u>\$ 244,511</u>	<u>\$ (1,217,125)</u>

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

<u>Years Ending September 30</u>	<u>Amount</u>
2024	\$ (178,475)
2025	(206,314)
2026	(205,198)
2027	(210,041)
2028	(138,564)
Thereafter	<u>(34,022)</u>
Total	<u>\$ (972,614)</u>

***Actuarial Assumptions***

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using an inflation assumption of 4.00 percent, assumed salary increases (including inflation) of 3.50 percent, an investment rate of return (net of investment expenses, including inflation) of 4.00 percent, and the PubG-2010 Mortality Tables for males and females with two-dimensional, fully generational improvements using the MP-2021 Mortality Improvement Scales. These assumptions were applied to all periods included in the measurement.

New election, utilization, and potential future increases are described below:

- Active and pre-65 retirees not yet eligible to collect benefits:
  - Election - 25 percent one person
  - Load for potential future increases in number of people electing - 50 percent
  - Utilization - 80 percent
  - Load for potential future increases in utilization - 20 percent
- Post-65 retirees currently collecting benefits:
  - Election - 100 percent one person
  - Load for potential future increases in number of people electing - None

**Note 10 - Other Postemployment Benefit Plan (Continued)**

- Utilization - 80 percent
- Load for potential future increases in utilization - 20 percent

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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.

**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 September 30, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment policy section of this footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Equity	6.90 %
Fixed income	1.35

**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 4.0 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 (3.00%)	Current Discount Rate (4.00%)	1 Percentage Point Increase (5.00%)
Net OPEB asset of the plan	\$ (673,461)	\$ (896,781)	\$ (1,075,213)

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

Regarding the sensitivity of the net OPEB asset to changes in the health care cost trend rates, since the stipend is a fixed payment, there is no trend applied. Therefore, a health care cost trend sensitivity is not applicable and was not performed by the actuary.

**Assumption Changes**

The following assumptions were changed since the previous valuation: mortality table assumptions changed from the PubG-2010 Morality Tables using the MP-2018 Mortality Improvement Scales to the MP-2021 Mortality Improvement Scales.

September 30, 2023 and 2022

**Note 10 - 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 September 30, 2023 and 2022:

Asset Class	2023	2022
Equity	35-65%	35-65%
Fixed income	35-65	35-65
Cash equivalent	0-15	0-15

**Concentrations**

At September 30, 2023, the plan held approximately 8.5 percent of its investment portfolio in the Federated Total Return Bond Fund, approximately 8.4 percent of its investment portfolio in the Metropolitan West Total Return Fund, 22.9 percent of its investment portfolio in the Vanguard Total Bond Market Index Fund - Admiral Shares, 21.5 percent of its investment portfolio in the DFA US Core Equity 1 Portfolio, 5.8 percent of its investment portfolio in the Pioneer Fundamental Growth Fund, 6.2 percent in Vanguard Developed Markets Index Fund - Admiral Shares, and 9.6 percent of its investment portfolio in the Vanguard Total Stock Market Index Fund.

**Rate of Return**

For the year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 8.69 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 11 - Contingent Liabilities**

Under the terms of various federal and state grants, periodic compliance audits are required, and certain costs may be questioned, allowed, or disallowed, which could result in funds being returned and/or received from grantor agencies.

There is legal action pending against the Authority. Due to the inconclusive nature of the action, it is not possible for counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. This potential liability, if any, is considered by authority management and legal counsel to be immaterial or the potential liability would be covered by insurance.

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## Required Supplementary Information

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# Mass Transportation Authority

## Required Supplementary Information

### Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios

#### Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 149,379	\$ 144,328	\$ 165,148	\$ 157,153	\$ 108,634	\$ 89,768	\$ 86,315
Interest	92,404	85,429	111,827	102,359	75,766	71,165	66,016
Differences between expected and actual experience	(13,488)	(30,299)	(504,837)	-	54,757	(28,503)	-
Changes in assumptions	(841,951)	-	(394,834)	-	428,065	-	-
Benefit payments, including refunds	(28,589)	(26,646)	(27,040)	(26,612)	(26,690)	(26,964)	(23,693)
<b>Net Change in Total OPEB Liability</b>	(642,245)	172,812	(649,736)	232,900	640,532	105,466	128,638
<b>Total OPEB Liability - Beginning of year</b>	2,249,692	2,076,880	2,726,616	2,493,716	1,853,184	1,747,718	1,619,080
<b>Total OPEB Liability - End of year</b>	<u>\$ 1,607,447</u>	<u>\$ 2,249,692</u>	<u>\$ 2,076,880</u>	<u>\$ 2,726,616</u>	<u>\$ 2,493,716</u>	<u>\$ 1,853,184</u>	<u>\$ 1,747,718</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 289,077	\$ 281,707	\$ 354,355	\$ 422,351	\$ 277,894	\$ 283,795	\$ 252,304
Net investment income (loss)	182,865	(393,182)	274,834	67,753	31,931	28,185	451
Administrative expenses	-	-	-	-	-	-	(8,250)
Benefit payments, including employee refunds	(28,589)	(26,646)	(27,040)	(26,612)	(26,690)	(26,964)	(23,693)
Other changes	-	-	-	-	-	4	7
<b>Net Change in Plan Fiduciary Net Position</b>	443,353	(138,121)	602,149	463,492	283,135	285,020	220,819
<b>Plan Fiduciary Net Position - Beginning of year</b>	2,060,875	2,198,996	1,596,847	1,133,355	850,220	565,200	344,381
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$ 2,504,228</u>	<u>\$ 2,060,875</u>	<u>\$ 2,198,996</u>	<u>\$ 1,596,847</u>	<u>\$ 1,133,355</u>	<u>\$ 850,220</u>	<u>\$ 565,200</u>
<b>Net OPEB (Asset) Liability - Ending</b>	<u>\$ (896,781)</u>	<u>\$ 188,817</u>	<u>\$ (122,116)</u>	<u>\$ 1,129,769</u>	<u>\$ 1,360,361</u>	<u>\$ 1,002,964</u>	<u>\$ 1,182,518</u>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	155.79 %	91.61 %	105.88 %	58.57 %	45.45 %	45.88 %	32.34 %

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.

# Mass Transportation Authority

## Required Supplementary Information Schedule of OPEB Contributions

### Last Ten Fiscal Years Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 68,476	\$ 160,488	\$ 155,061	\$ 227,315	\$ 219,628	\$ 145,204	\$ 139,619	\$ 128,318	\$ 128,318	\$ 76,752
Contributions in relation to the actuarially determined contribution	289,077	281,707	354,355	422,351	277,894	283,795	252,304	-	81,345	69,825
<b>Contribution Excess (Deficiency)</b>	<b>\$ 220,601</b>	<b>\$ 121,219</b>	<b>\$ 199,294</b>	<b>\$ 195,036</b>	<b>\$ 58,266</b>	<b>\$ 138,591</b>	<b>\$ 112,685</b>	<b>\$ (128,318)</b>	<b>\$ (46,973)</b>	<b>\$ (6,927)</b>
<b>Covered-employee Payroll</b>	\$ 26,202,788	\$ 18,505,709	\$ 23,072,543	\$ 20,025,800	\$ 19,819,717	\$ 18,574,435	\$ 17,193,615	\$ -	\$ -	\$ -
<b>Contributions as a Percentage of Covered-employee Payroll</b>	1.10 %	1.52 %	1.54 %	2.11 %	- %	- %	- %	- %	- %	- %

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date September 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	Market value
Inflation	4.00 percent
Salary increase	3.5 percent
Investment rate of return	4.00 percent, net of OPEB plan expenses, including price inflation at 2.50 percent
Retirement age	Experience-based tables that are specific to the type of eligibility condition
Mortality	Postretirement: PubG-2010 Healthy Retiree Mortality Table for males and females with two-dimensional, fully generational improvements using the MP-2021 Mortality Improvement Scales
	Disabled Retirement: PubG-2010 Disabled Retiree Table for males and females with two-dimensional, fully generational improvements using the MP-2021 Mortality Improvement Scales
	Preretirement: PubG-2010 Employee Table for males and females with two-dimensional, fully generational improvements using the MP-2021 Mortality Improvement Scales

**Mass Transportation Authority**

**Required Supplementary Information  
Schedule of OPEB Investment Returns**

**Last Seven Fiscal Years  
Years Ended September 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	8.69 %	11.33 %	16.37 %	5.85 %	1.49 %	3.98 %	0.06 %

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available.

***OPEB Information***

**Changes in Assumptions**

In the fiscal year ended September 30, 2019, there were assumption changes from the previous valuation that resulted in an increase in the calculated total OPEB liability. Mortality assumptions updated to the recently released Public Sector mortality tables and projected salary increases were reduced from 4.0 percent annually to 3.5 percent.

In the fiscal year ended September 30, 2021, there were assumption changes from the previous valuation that resulted in a decrease in the calculated total OPEB liability. The election percentage assumption was revised from 60 percent choosing to elect coverage upon separation to 50 percent choosing to elect retiree health care at age 65.

In the fiscal year ended September 30, 2023, there were assumption changes from the previous valuation. Mortality tables were updated from MP-2018 scales to MP-2021 scales.

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## Other Supplementary Information

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**Other Supplementary Information**

**1. Schedule of Local Revenues**

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**Year Ended September 30, 2023**

Line-haul - Farebox	\$ 3,628,195
Demand response - Farebox	644,199
Regional transportation - Farebox	482,405
Charter revenues	10,677
Advertising	110,000
Rent	162,640
Parking lot	40,543
Miscellaneous	197,524
Tax levy	13,944,913
Local grants	208,853
Gain on disposal of capital asset	114,637
Interest earnings	135,440
Refunds and credits	865,586
	<hr/>
<b>Total Local Revenues</b>	<b>\$ 20,545,610</b>
	<hr/> <hr/>

2. Schedule of Expenditures for Federal and State Awards

Year Ended September 30, 2023

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Project Number	State Project Number	Federal Expenditures	State Expenditures	Total Expenditures
U.S. Department of Transportation - Direct programs:						
Federal Transit Cluster:						
Federal Transit Formula Grants - FY 2016 Section 5307	20.507	MI-2016-011	2012-0129/P28	342	85	427
Federal Transit Formula Grants - FY 2018 Section 5307	20.507	MI-2017-029	2017-0092/P8	7,740	1,935	9,675
Federal Transit Formula Grants - FY 2018 Section 5307	20.507	MI-2018-016	2017-0092/P13	6,736	1,684	8,420
Federal Transit Formula Grants - FY 2019 Section 5307	20.507	MI-2019-027	2017-0092/P20	58,110	14,528	72,638
Federal Transit Formula Grants - FY 2020 Section 5307	20.507	MI-2020-060	2017-0092/P25	1,401,011	350,253	1,751,264
Federal Transit Formula Grants - FY 2019 Section 5307	20.507	MI-2021-030	2017-0092/P32	3,562,671	890,668	4,453,339
Federal Transit Formula Grants - FY 2019 Section 5307	20.507	MI-2021-030	2017-0092/P32	300,000	-	300,000
Federal Transit Formula Grants - FY 2022 Section 5307	20.507	MI-2022-047	2022-0098/P4	1,554,699	388,675	1,943,374
Federal Transit Formula Grants - FY 2022 Section 5307	20.507	MI-2022-047	2022-0098/P4	2,400,000	600,000	3,000,000
CARES Act	20.507	MI-2020-013-00		1,572,127	-	1,572,127
CRRSAA	20.507	MI-2021-006-00		67,007	-	67,007
ARPA	20.507	MI-2022-007		7,094,963	-	7,094,963
ARPA	20.507	MI-2022-051-00		25,935	-	25,935
<b>Total Federal Transit Cluster</b>				<b>18,051,341</b>	<b>2,247,828</b>	<b>20,299,169</b>
Transit Services Program Cluster - Formula Grants for Enhanced:						
Enhanced Mobility of Seniors and Individuals with Disabilities - 2019	20.513	MI-2019-038-00	2017-0092/P21	63,026	-	63,026
Enhanced Mobility of Seniors and Individuals with Disabilities - 2020	20.513	MI-2020-065-00	2017-0092/P27	135,955	33,989	169,944
Enhanced Mobility of Seniors and Individuals with Disabilities - 2020	20.513	MI-2020-067-00	2017-0092/P28	88,602	22,151	110,753
<b>Total Transit Services Program Cluster</b>				<b>287,583</b>	<b>56,140</b>	<b>343,723</b>
U.S. Department of Transportation - Pass-through programs from Michigan Department of Transportation (MDOT):						
Operating Assistance - Section 5311 - 2023 (Passed Through MDOT) CRRSAA	20.509	MI-2020-008-07	2022-0098-/P6	3,320,110	-	3,320,110
Michigan Department of Transportation Operating Assistance - Act 51 (FY 2023)						
Urban	N/A	N/A	N/A		6,594,558	6,594,558
Nonurban	N/A	N/A	N/A		2,576,996	2,576,996
					9,171,554	9,171,554
Specialized Services FY 2023	N/A	N/A	2022-0098/P7	-	181,190	181,190
Michigan Department of Health and Human Services - Same Day Service	N/A	N/A	N/A	-	597,915	597,915
<b>Total</b>				<b>\$ 21,659,034</b>	<b>\$ 12,254,626</b>	<b>\$ 33,913,660</b>

Other Supplementary Information  
3. Schedule of Operating and Contract Expenses

Year Ended September 30, 2023

	Urban	Nonurban	Job Access MI-2022-047/ 2022-0098/P4	Specialized Services 2022-0098 / P7	MI-22-007 ARPA	MI-2021-030 2017-0092/P32	MI-2022-047 2022-0098-P4	MI-2019-038 2017-0092/P21
Labor	\$ 11,265,598	\$ 4,801,523	\$ 1,097,996	\$ -	\$ 7,094,963	\$ -	\$ -	\$ 63,026
Fringe benefits	6,293,089	1,634,151	373,692	-	-	-	-	-
Services	1,265,438	838,834	191,822	108,891	-	1,253,347	394,226	-
Materials and supplies	3,496,087	1,538,252	351,763	-	-	1,237,802	274,727	-
Utilities	1,046,207	271,673	62,125	-	-	-	-	-
Insurance	1,571,473	408,071	93,317	-	-	-	-	-
Taxes and fees	1,805	469	107	-	-	-	-	-
Miscellaneous expenses	196,870	51,122	11,691	-	-	-	-	-
Interest expense	117,167	30,425	6,958	-	-	-	-	-
Operating leases	17,626	4,577	1,047	-	-	-	-	-
Depreciation and amortization	6,142,747	1,595,111	364,764	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 31,414,107</b>	<b>\$ 11,174,208</b>	<b>\$ 2,555,282</b>	<b>\$ 108,891</b>	<b>\$ 7,094,963</b>	<b>\$ 2,491,150</b>	<b>\$ 668,953</b>	<b>\$ 63,026</b>

  

	MI-2018-016 2017-0092/P13	MI-2019-027 2017-0092/P20	MI-2020-067 2017- 0092/P28	MI-21-006 CRRSAA	MI-22-051	MI-20-013 CARES ACT	MI-2020-060 2017-0092/P25	Total
Labor	\$ -	\$ -	\$ -	\$ 67,007	\$ -	\$ -	\$ -	\$ 24,390,113
Fringe benefits	-	-	-	-	-	-	-	\$ 8,300,932
Services	-	-	-	-	25,935	109,924	181,468	\$ 4,369,885
Materials and supplies	5,388	38,331	59,774	-	-	525,160	286,514	\$ 7,813,799
Utilities	-	-	-	-	-	-	-	\$ 1,380,005
Insurance	-	-	-	-	-	-	-	\$ 2,072,861
Taxes and fees	-	-	-	-	-	-	-	\$ 2,381
Miscellaneous expenses	-	-	-	-	-	-	-	\$ 259,683
Interest expense	-	-	-	-	-	-	-	\$ 154,550
Operating leases	-	-	-	-	-	-	-	\$ 23,250
Depreciation and amortization	-	-	-	-	-	-	-	\$ 8,102,622
<b>Total Expenses</b>	<b>\$ 5,388</b>	<b>\$ 38,331</b>	<b>\$ 59,774</b>	<b>\$ 67,007</b>	<b>\$ 25,935</b>	<b>\$ 635,085</b>	<b>\$ 467,982</b>	<b>\$ 56,870,081</b>



Other Supplementary Information  
4. Urban Regular Service Revenue Report

Year Ended September 30, 2023

Code	Description	Amount
<b>401:</b>	<b>Farebox revenue</b>	
40100	Passenger fares	\$ 3,895,182
<b>405:</b>	<b>Charter Revenues</b>	
40500	Charter Revenues	10,677
<b>406:</b>	<b>Auxiliary transportation revenue</b>	
40615	Advertising	110,000
<b>407:</b>	<b>Nontransportation revenue</b>	
40720	Rental of buildings or other property	162,640
40725	Parking lot revenue	40,543
40760	Gain on disposal of capital assets	114,637
40799	Other nontransportation revenue	459,686
<b>408:</b>	<b>Local revenue</b>	
40800	Tax levy	11,070,257
<b>409:</b>	<b>Local revenue</b>	
40950	Local Service Contract/Local Source	
40999	Other local contracts & reimbursements	165,799
<b>411:</b>	<b>State formula and contracts</b>	
41101	State operating assistance	8,338,494
41101	State operating assistance - Prior year	387,725
41111	Preventative maintenance	600,000
41114	Other capital contract reimbursement for operating expenses	667,356
41199	DHHS Same Day Service contract	-
<b>413:</b>	<b>Federal contracts</b>	
41311	Preventative maintenance	2,400,000
41314	Other capital contract reimburse for operating expenses	3,451,566
41361	CARES Act - Operating Assistance	719,519
41362	CRRSAA- 5311 for FY 22	537,901
41363	ARPA Funds- Operating Assistance	7,094,963
41364	CRRSAA- Operating Assistance	67,007
<b>414:</b>	<b>Other revenue</b>	
41400	Interest income	107,520
44000	Refunds and credits	687,151
	<b>Total Urban Service Revenue</b>	<b>\$ 41,088,623</b>

Other Supplementary Information  
5. Urban Regular Service Expense Report

Year Ended September 30, 2023

Code	Description	Amount
<b>501:</b>	<b>Labor:</b>	
50101	Operators' salaries and wages	\$ 6,509,497
50102	Other salaries and wages	11,927,339
50103	Dispatchers' salaries and wages	53,758
<b>502:</b>	<b>Fringe Benefits</b>	
50200	Other fringe benefits	5,771,527
50210	DC pensions	539,585
50250	Other post-employment benefits	(18,023)
<b>503:</b>	<b>Services</b>	
50302	Advertising fees	116,170
50305	Audit costs	51,338
50399	Other services	3,062,830
<b>504:</b>	<b>Materials and supplies</b>	
50401	Fuel and lubricants	2,204,877
50402	Tires	740
50499	Other materials and supplies	3,718,167
<b>505:</b>	<b>Utilities</b>	
50500	Utilities	1,046,207
<b>506:</b>	<b>Insurance</b>	
50603	Liability insurance	1,342,956
50699	Other insurance	228,517
<b>507:</b>	<b>Taxes and fees</b>	
50700	Taxes and fees	1,805
<b>509:</b>	<b>Miscellaneous expenses</b>	
50902	Travel, meetings, and training	56,817
50903	Association dues and subscriptions	87,195
50907	Lobbying	22,130
50999	Other miscellaneous expenses	30,728
<b>511:</b>	<b>Interest expense</b>	
51101	Interest on long-term debt	111,189
51102	Interest on short-term debt	5,978
<b>512:</b>	<b>Operating leases and rentals</b>	
51200	Leases and rentals	17,626
<b>513:</b>	<b>Depreciation</b>	

Other Supplementary Information  
5. Urban Regular Service Expense Report

Year Ended September 30, 2023

Code	Description	Amount
51300	Depreciation	6,142,747
<b>540:</b>	<b>Ineligible expenses</b>	
54000	Ineligible refunds and credits	687,151
<b>550:</b>	<b>Ineligible expenses</b>	
55005	Ineligible local contracts	-
55006	Ineligible interest expense	117,166
55007	Ineligible depreciation	5,840,280
55008	Other ineligible expenses	198,154
55009	Ineligible percent of association dues	5,538
55010	Ineligible expenses associated with auxiliary and nontransportation revenue	3,025
55011	Ineligible preventive maintenance	3,000,000
<b>560:</b>	<b>Ineligible expenses</b>	
56004	Ineligible expenses rentals	6,255
<b>576:</b>	<b>Ineligible expenses</b>	
57604	Other ineligible operating expense paid by capital contract	4,118,922
<b>580:</b>	<b>Ineligible expenses</b>	
58005	Ineligible lobbying expense	22,130
58050	Ineligible DB OPEB	(215,504)
	<b>Total Expenses</b>	43,031,700
	<b>Total Ineligible Expenses</b>	13,783,115
	<b>Total Eligible Expenses</b>	<b>\$ 29,248,585</b>

**6. Urban Regular Service Nonfinancial Report (Unaudited)**

**Year Ended September 30, 2023**

**Public Service**

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle hours	290,753	26,590	14,762	<b>332,105</b>
611	Vehicle miles	5,637,975	492,574	249,878	<b>6,380,427</b>
615	Passengers - Regular	1,886,339	201,520	107,423	<b>2,195,282</b>
616	Passengers - Elderly	38,254	2,943	1,115	<b>42,312</b>
617	Passengers - Persons w/ disabilities	107,719	9,573	5,019	<b>122,311</b>
618	Passengers - Elderly persons w/ disabilities	13,462	1,246	312	<b>15,020</b>
621	Total line-haul passengers	1,765,872	194,829	103,435	<b>2,064,136</b>
622	Total demand-response passengers	279,902	20,453	10,434	<b>310,789</b>
625	Days operated	254	53	52	<b>359</b>

**Vehicle Information**

Code	Description	Quantity
653	Total line-haul vehicles	137
654	Line-haul vehicle w/ lifts	137
655	Total demand-response vehicles	103
656	Demand response vehicles w/ lifts	56
658	Total transit vehicles	240

**Miscellaneous Information**

Code	Description	Quantity
659	LPG (propane) or CNG (compressed natural gas) gallons equivalent consumed	1,175,947
660	Diesel/gasoline gallons consumed	145,591

## Mass Transportation Authority

# Other Supplementary Information

## 7. Nonurban Regular Service Revenue Report

Year Ended September 30, 2023

Code	Description	Amount
<b>401:</b>	<b>Farebox revenue</b>	
40100	Passenger fares	\$ 1,011,477
<b>408:</b>	<b>Local revenue</b>	
40800	Tax levy	2,874,656
<b>409:</b>	<b>Other local contracts &amp; reimbursements</b>	
40999	Other local contracts & reimbursements	43,054
<b>411:</b>	<b>State formula and contracts</b>	
41101	State operating assistance	2,752,904
41101	State operating assistance - Prior year	633,073
41111	Preventive maintenance	-
41114	Other capital contract reimbursement for operating expenses	173,295
41199	DHHS Same Day Service contract	-
<b>413:</b>	<b>Federal contracts</b>	
41301	Federal section 5311 operating assistance	3,320,110
41311	Preventive maintenance	
41314	Other capital contract reimburse for operating expenses	
41360	CARES Act - Lost Revenue Replacement	-
41362	Federal section 5311 CRRSSA Act - Operating Assistance	
<b>414:</b>	<b>Other revenue</b>	
41400	Interest income	27,920
44000	Refunds and credits	178,435
	<b>Total Non-Urban Service Revenue</b>	<b>\$ 11,014,924</b>

Other Supplementary Information  
8. Nonurban Regular Service Expense Report

Year Ended September 30, 2023

Code	Description	Total
<b>501:</b>	<b>Labor:</b>	
50101	Operators' salaries and wages	\$ 1,690,346
50102	Other salaries and wages	3,097,218
50103	Dispatchers' salaries and wages	13,959
<b>502:</b>	<b>Fringe Benefits</b>	
50200	Other fringe benefits	1,498,715
50210	DC pensions	140,116
50250	Other post-employment benefits	(4,680)
<b>503:</b>	<b>Services</b>	
50302	Advertising fees	30,166
50305	Audit costs	13,331
50399	Other services	795,337
<b>504:</b>	<b>Materials and supplies</b>	
50401	Fuel and lubricants	572,549
50402	Tires	192
50499	Other materials and supplies	965,511
<b>505:</b>	<b>Utilities</b>	
50500	Utilities	271,673
<b>506:</b>	<b>Insurance</b>	
50603	Liability insurance	348,731
50699	Other insurance	59,340
<b>507:</b>	<b>Taxes and fees</b>	
50700	Taxes and fees	469
<b>509:</b>	<b>Miscellaneous expenses</b>	
50902	Travel, meetings, and training	14,754
50903	Association dues and subscriptions	22,642
50907	Lobbying	5,747
50999	Other miscellaneous expenses	7,979
<b>511:</b>	<b>Interest expense</b>	
51101	Interest on long-term debt	28,873
51102	Interest on short-term debt	1,552
<b>512:</b>	<b>Operating leases and rentals</b>	
51200	Leases and rentals	4,577

Other Supplementary Information  
8. Nonurban Regular Service Expense Report

Year Ended September 30, 2023

Code	Description	Total
<b>513:</b>	<b>Depreciation</b>	
51300	Depreciation	1,595,111
<b>540:</b>	<b>Ineligible expenses</b>	
54000	Ineligible refunds and credits	178,435
<b>550:</b>	<b>Ineligible expenses</b>	
55006	Ineligible interest expense	30,425
55007	Ineligible depreciation	1,516,568
55008	Other ineligible expenses	51,455
55009	Ineligible percent of association dues	1,438
55010	Ineligible expenses associated with auxiliary and nontransportation revenue	785
55011	Ineligible preventive maintenance	
<b>560:</b>	<b>Ineligible expenses</b>	
56004	Ineligible expenses rentals	1,624
<b>576:</b>	<b>Ineligible expenses</b>	
57604	Other ineligible operating expense paid by capital contract	173,295
<b>580:</b>	<b>Ineligible expenses</b>	
58005	Ineligible lobbying expense	5,747
58050	Ineligible DB OPEB	(55,961)
	<b>Total Expenses</b>	11,174,208
	<b>Total Ineligible Expenses</b>	<u>1,903,811</u>
	<b>Total Eligible Expenses</b>	<u><u>\$ 9,270,397</u></u>

**9. Nonurban Regular Service Nonfinancial Report (Unaudited)**

**Year Ended September 30, 2023**

**Public Service**

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle hours	65,819	6,436	4,443	<b>76,698</b>
611	Vehicle miles	1,415,305	145,871	95,654	<b>1,656,830</b>
615	Passengers - Regular	47,976	2,288	2,235	<b>52,499</b>
616	Passengers - Elderly	6,863	603	312	<b>7,778</b>
617	Passengers - Persons w/ disabilities	62,968	5,729	3,144	<b>71,841</b>
618	Passengers - Elderly persons w/ disabilities	4,122	397	285	<b>4,804</b>
622	Total demand-response passengers	121,929	9,017	5,976	<b>136,922</b>
625	Days operated	256	52	51	<b>359</b>

**Vehicle Information**

Code	Description	Quantity
655	Total demand-response vehicles	81
656	Demand response vehicles w/ lifts	62
658	Total transit vehicles	81

**Miscellaneous Information**

Code	Description	Quantity
659	LPG (propane) or CNG (compressed natural gas) gallons equivalent consumed	171,925
660	Diesel/gasoline gallons consumed	27,509



**Other Supplementary Information**  
**10. Job Access Reverse Commute**  
**Regular Service Revenue Report**

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**Year Ended September 30, 2023**

Code	Description	Amount
<b>401:</b>	<b>Farebox revenue</b>	
40100	Passenger fares	\$ 500,355
<b>411:</b>	<b>State formula and contracts</b>	
41199	Job access reverse commute (JARC)	1,325,000
<b>413:</b>	<b>Federal contracts</b>	
41302	Federal section 5307 operating	<u>300,000</u>
	<b>Total Urban Service Revenue</b>	<b><u><u>\$ 2,125,355</u></u></b>

Other Supplementary Information  
 11. Job Access Reverse Commute  
 Regular Service Expense Report

Year Ended September 30, 2023

Code	Description	Total
<b>501:</b>	<b>Labor:</b>	
50101	Operators' salaries and wages	\$ 386,543
50102	Other salaries and wages	708,261
50103	Dispatchers' salaries and wages	3,192
<b>502:</b>	<b>Fringe Benefits</b>	
50200	Other fringe benefits	342,721
50210	DC pensions	32,041
50250	Other post-employment benefits	(1,070)
<b>503:</b>	<b>Services</b>	
50302	Advertising fees	6,898
50305	Audit costs	3,049
50399	Other services	181,875
<b>504:</b>	<b>Materials and supplies</b>	
50401	Fuel and lubricants	130,929
50402	Tires	44
50499	Other materials and supplies	220,790
<b>505:</b>	<b>Utilities</b>	
50500	Utilities	62,125
<b>506:</b>	<b>Insurance</b>	
50603	Liability insurance	79,747
50699	Other insurance	13,570
<b>507:</b>	<b>Taxes and fees</b>	
50700	Taxes and fees	107
<b>509:</b>	<b>Miscellaneous expenses</b>	
50902	Travel, meetings, and training	3,374
50903	Association dues and subscriptions	5,178
50907	Lobbying	1,314
50999	Other miscellaneous expenses	1,825
<b>511:</b>	<b>Interest expense</b>	
51101	Interest on long-term debt	6,603
51102	Interest on short-term debt	355
<b>512:</b>	<b>Operating leases and rentals</b>	
51200	Leases and rentals	1,047

**Other Supplementary Information  
11. Job Access Reverse Commute  
Regular Service Expense Report**

**Year Ended September 30, 2023**

Code	Description	Total
<b>513:</b>	<b>Depreciation</b>	
51300	Depreciation	364,764
<b>540:</b>	<b>Ineligible expenses</b>	
54000	Ineligible refunds and credits	-
<b>550:</b>	<b>Ineligible expenses</b>	
55000	Ineligible JARC and NF fares	500,355
55006	Ineligible interest expense	6,957
55007	Ineligible depreciation	346,804
55008	Other ineligible expenses	11,767
55009	Ineligible percent of association dues	329
55010	Ineligible expenses associated with auxiliary and nontransportation revenue	180
<b>560:</b>	<b>Ineligible expenses</b>	
56004	Ineligible expenses rentals	371
<b>576:</b>	<b>Ineligible expenses</b>	
57604	Other ineligible operating expense paid by capital contract	-
<b>580:</b>	<b>Ineligible expenses</b>	
58005	Ineligible lobbying expense	1,314
58050	Ineligible DB OPEB	(12,797)
	<b>Total Expenses</b>	<b>2,555,282</b>
	<b>Total Ineligible Expenses</b>	<b>855,282</b>
	<b>Total Eligible Expenses</b>	<b>\$ 1,700,000</b>

Other Supplementary Information  
12. Job Access Reverse Commute  
Regular Service Nonfinancial Report (Unaudited)

Year Ended September 30, 2023

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle hours	32,263	4,900	3,825	<b>40,988</b>
611	Vehicle miles	1,041,381	150,345	117,005	<b>1,308,732</b>
615	Passengers - Regular	334,065	34,449	21,690	<b>390,204</b>
621	Total line-haul passengers	334,065	34,449	21,690	<b>390,204</b>
625	Days operated	256	52	51	<b>359</b>

Vehicle Information

Code	Description	Quantity
653	Total line-haul vehicles	13
654	Line-haul vehicle w/ lifts	13
658	Total transit vehicles	13

Miscellaneous Information

Code	Description	Quantity
659	LPG (propane) or CNG (compressed natural gas) gallons equivalent consumed	231,858
660	Diesel/gasoline gallons consumed	8,479

**Mass Transportation Authority**

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**Other Supplementary Information**  
**13. Specialized Service Revenue Report**

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**Year Ended September 30, 2023**

Code	Description	Amount
<b>411:</b>	<b>State formula and contracts</b>	
41199	Grants for services to elderly and persons with disabilities	\$ 181,190
	<b>Total Specialized Service Revenue</b>	<b>\$ 181,190</b>

**Other Supplementary Information**  
**14. Specialized Service Expense Report**

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**Year Ended September 30, 2023**

<u>Code</u>	<u>Description</u>	<u>Total</u>
<b>550:</b>	<b>Services:</b>	
55004	Specialized services	<u>\$ 108,891</u>
	<b>Total Expenses</b>	108,891
	<b>Total Ineligible Expenses</b>	<u>-</u>
	<b>Total Eligible Expenses</b>	<u><u>\$ 108,891</u></u>

**Other Supplementary Information**  
**15. Operating Assistance Calculation**

**Year Ended September 30, 2023**

	Urban (Section 5307)	Nonurban (Section 5311)
Total Expenses	\$ 43,031,700	\$ 11,174,208
Less: Ineligible expenses		
Capital grants used for operations	4,118,922	173,295
Depreciation and amortization	5,840,280	1,516,568
Lobbying	22,130	5,747
Association dues	5,538	1,438
Expenses associated with auxiliary and nontransportation revenue	3,025	785
Interest expense	117,167	30,425
Refunds and credits	687,151	178,435
Summer youth program and training	-	-
Preventive maintenance	3,000,000	-
Other	(11,095)	(2,882)
Total Ineligible Expenses Per R&E Manual	13,783,118	1,903,811
<b>Total State and Federal Eligible Expenses</b>	<b>\$ 29,248,582</b>	<b>\$ 9,270,397</b>

Eligible Expenses for State Reimbursement	29,248,582	9,270,397
x Reimbursement Percentage	29.2015%	34.5849%
State Operating Assistance	8,541,025	3,206,158

Eligible Expenses for Federal Reimbursement	\$ 9,270,397	
x Reimbursement Percentage	36.00%	
Federal Operating Assistance	\$ 3,337,343	