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# Capital Area Transportation Authority

Lansing, Michigan

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**Financial Report**  
**with Supplemental Information**  
**September 30, 2021**

<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-5
<b>Basic Financial Statements</b>	
Fund Financial Statements:	
Statement of Net Position	6
Statement of Revenue, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11-30
<b>Required Supplemental Information</b>	31
Schedule of Changes in the Net Pension Liability and Related Ratios - Union Employees' Retirement Plan	32
Schedule of Pension Contributions - Union Employees' Retirement Plan	33
Schedule of Changes in the Net Pension Liability and Related Ratios - Administrative Employees' Retirement Plan	34
Schedule of Pension Contributions - Administrative Employees' Retirement Plan	35
Schedule of Pension Investment Returns	36
Schedule of Changes in the Net OPEB Liability and Related Ratios	37
Schedule of OPEB Contributions	38
Schedule of OPEB Investment Returns	39
<b>Other Supplemental Information</b>	40
Fiduciary Funds:	
Statement of Fiduciary Net Position	41
Statement of Changes in Fiduciary Net Position	42
State-required Schedules:	
1. Schedule of Operating Revenues	43
2. Schedule of Expenditures for Federal and State Awards	44
3. Schedule of Expense by Contract and General Operations	45
4. Urban Regular Service Revenue Report	46
5. Urban Regular Service Expense Report	47
6. Urban Regular Service Nonfinancial Report (Unaudited)	48
7. Nonurban County Regular Service Revenue Report	49
8. Nonurban County Regular Service Expense Report	50-51
9. Nonurban County Regular Service Nonfinancial Report (Unaudited)	52
10. Specialized Services Nonfinancial Report (Unaudited)	53
11. Operating Assistance Calculation	54

## Independent Auditor's Report

To the Board of Directors  
Capital Area Transportation Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund and fiduciary funds of the Capital Area Transportation Authority (the "Authority") as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the Capital Area Transportation Authority's basic financial statements, as listed in the table of contents.

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

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

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

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and fiduciary funds of the Capital Area Transportation Authority as of September 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Capital Area Transportation Authority

**Required Supplemental Information**

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

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Capital Area Transportation Authority's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information of the fiduciary fund statements and state-required schedules, except for schedules 6, 9, and 10, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 fiduciary fund statements and state-required schedules, except for schedules 6, 9, and 10, are fairly stated in all material respects in relation to the basic financial statements as a whole.

State-required schedules 6, 9, and 12 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022 on our consideration of the Capital Area Transportation 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 Capital Area Transportation Authority's internal control over financial reporting and compliance.



February 1, 2022

As management of the Capital Area Transportation Authority (the "Authority"), we offer readers this narrative overview and analysis of the financial activities for the year ended September 30, 2021. 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***

These statements reflect that the Authority is in very strong financial health. At September 30, 2021 (the Authority's 2021 fiscal year end), the Authority's net position stood at \$29,239,428, as compared to a net position of \$23,671,681 at fiscal year end 2020. Net position presents the assets of the Authority that can be used to provide for future operations. A portion of these assets is included in the net investment in capital assets, meaning that it has been invested in capital resources (generally vehicles and facilities), while a portion is unrestricted (generally cash and investments). The increase in net position during fiscal year 2021 can be mainly attributed to an increase in capital grant funds received by the Authority from the Federal Transit Administration (FTA) and the Michigan Department of Transportation (MDOT), as well as an increase in operating grant revenue through the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant, which offset a reduction in farebox and contractual revenue due to the COVID-19 pandemic.

The Authority's current ratio at September 30, 2021 stood at 6.81, as compared with 4.70 at fiscal year end 2020. Current ratio is a liquidity measurement that reflects whether or not an organization has enough resources to meet its short-term obligations; it compares an organization's current assets to its current liabilities. In general terms, a current ratio in excess of 2.0 is considered to reflect strong liquidity.

At September 30, 2021, the Authority had cash and investments totaling \$25,755,146, while cash and investments stood at \$21,911,065 at fiscal year end 2020. As noted above, the Authority purchased numerous new buses during fiscal year 2021. It is the Authority's policy to utilize its cash and invested funds to facilitate such purchases and then seek reimbursement from the FTA and MDOT subsequent to the expenditure. At fiscal year end 2021, the Authority was due \$10 million from those two agencies.

The Authority's year-end leverage ratio at September 30, 2021 stood at 2.71, as compared with 3.69 at fiscal year end 2020. Leverage ratio is a measurement of debt burden that reflects an organization's ability to weather significant changes in its financial environment; it compares an organization's total liabilities to its net position. Leverage ratios below 0.50 are generally considered to reflect a healthy financial position.

Revenue (both operating and nonoperating) and grants for the fiscal year ended September 30, 2021 amounted to \$68,715,522, while operating expenses amounted to \$62,680,554. Nonoperating expenses for the fiscal year ended September 30, 2021 totaled \$467,221. This resulted in an increase in net position of \$5,567,747 for the fiscal year ended September 30, 2021.

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

The discussion and analysis provided here are 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) pension and OPEB trust funds, which are fiduciary funds. This report also includes supplemental information and compliance 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.

# Capital Area Transportation Authority

## Management's Discussion and Analysis (Continued)

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 and liabilities plus deferred inflows, 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 pension and OPEB plans that cover substantially all union and administrative employees. 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.

As of September 30, 2021, the Authority's Union and Administrative Employees' retirement plans had fiduciary net positions as a percentage of total pension liabilities of 110 percent and 103 percent, respectively. The plans were evaluated in part based on an assumed 6 percent discount rate. The Authority's OPEB plan had fiduciary net position as a percentage of total OPEB liabilities of 16 percent.

### The Authority's Net Position

The Authority's total net position at September 30, 2021 was \$29.24 million, an increase from 2020. The change is largely attributable to the additional capital and operating grants in 2021. The following table shows, in a condensed format, the net position as of the current date and the same date of the prior year:

	Business-type Activities			
	2020	2021	Change	Percent Change
<b>Assets</b>				
Current and other assets	\$ 33,464,944	\$ 45,082,053	\$ 11,617,109	34.7
Capital assets	49,269,072	51,560,175	2,291,103	4.7
Total assets	82,734,016	96,642,228	13,908,212	16.8
<b>Deferred Outflows of Resources</b>	34,290,283	27,737,084	(6,553,199)	(19.1)
<b>Liabilities</b>				
Current liabilities	6,900,447	3,643,025	(3,257,422)	(47.2)
Noncurrent liabilities	80,562,975	75,602,316	(4,960,659)	(6.2)
Total liabilities	87,463,422	79,245,341	(8,218,081)	(9.4)
<b>Deferred Inflows of Resources</b>	5,889,196	15,894,543	10,005,347	169.9
<b>Net Position</b>				
Net investment in capital assets	49,269,072	51,560,175	2,291,103	4.7
Restricted - Capital purchases	73,864	59,215	(14,649)	-
Unrestricted	(25,671,255)	(22,379,962)	3,291,293	(12.8)
Total net position	<b>\$ 23,671,681</b>	<b>\$ 29,239,428</b>	<b>\$ 5,567,747</b>	23.5

## Capital Area Transportation Authority

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

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

The following table compares the Authority's statement of revenue, expenses, and changes in net position from 2020 to 2021:

	Business-type Activities			
	2020	2021	Change	Percent Change
<b>Revenue</b>				
Operating revenue	\$ 9,511,372	\$ 8,272,859	\$ (1,238,513)	(13.0)
Nonoperating revenue - Net of expenses	37,058,861	49,766,494	12,707,633	34.3
Total revenue	46,570,233	58,039,353	11,469,120	24.6
<b>Expenses</b>				
Operating expense before depreciation	59,178,901	55,308,152	(3,870,749)	(6.5)
Depreciation expense	6,784,387	7,372,402	588,015	8.7
Total expenses	65,963,288	62,680,554	(3,282,734)	(5.0)
<b>Capital Contributions</b>	2,655,935	10,208,948	7,553,013	284.4
<b>Change in Net Position</b>	(16,737,120)	5,567,747	22,304,867	(133.3)
<b>Net Position - Beginning of year</b>	40,408,801	23,671,681	(16,737,120)	(41.4)
<b>Net Position - End of year</b>	<u>\$ 23,671,681</u>	<u>\$ 29,239,428</u>	<u>\$ 5,567,747</u>	23.5

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

The Authority continues to invest in capital assets, including vehicles, infrastructure, and equipment. At September 30, 2021 and 2020, the Authority had \$52 million and \$49 million, respectively, invested in capital assets. During fiscal year 2021, the Authority made capital additions of \$10.2 million, of which \$9.8 million consisted of revenue-producing vehicles.

Detailed information concerning capital assets can be found in Note 4 to the financial statements.

#### **Long-term Debt**

At year end, the Authority had no long-term installment debt. Additional detailed information concerning the Authority's long-term obligations can be found in the notes to the financial statements.

#### **Factors Bearing on the Authority's Future**

At the time these financial statements were prepared and audited, the Authority was aware of one circumstance that could significantly affect its financial health in the future. The Authority has had a significant decrease in ridership, leading to significant decreases in farebox and contractual revenue, due to the COVID-19 pandemic. These decreases will continue through fiscal year 2022. The Authority has been awarded grant funding through the CARES Act of approximately \$18.3 million, \$16.2 million in grant funding through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and \$26.2 million of American Rescue Plan Act (ARPA) funding. The Authority is evaluating how to best make use of these funds to serve the community over the next several years.

#### **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 Capital Area Transportation Authority at 4615 Tranter Ave., Lansing, MI 48910.

# Capital Area Transportation Authority

## Statement of Net Position

September 30, 2021

### Assets

#### Current assets:

Cash and cash equivalents (Note 3)	\$	14,927,297
Investments (Note 3)		10,827,849
Receivables:		
Accrued interest receivable		32,732
Local contributions and contract revenue receivable		1,109,941
Due from other governments		1,164,122
Due from federal government		7,327,942
Due from state government		2,733,397
Inventories		1,367,447
Prepaid expenses		687,917

Total current assets 40,178,644

#### Noncurrent assets:

Net pension asset (Note 6)		4,903,409
Capital assets: (Note 4)		
Assets not subject to depreciation		2,690,445
Assets subject to depreciation - Net		48,869,730

Total noncurrent assets 56,463,584

Total assets 96,642,228

### Deferred Outflows of Resources

Deferred outflows related to pensions (Note 6)		2,241,217
Deferred OPEB costs (Note 7)		25,495,867

Total deferred outflows of resources 27,737,084

### Liabilities

#### Current liabilities:

Accounts payable		2,528,544
Accrued liabilities and other		1,017,434
Unearned revenue		97,047
Accrued vacation, incentive, and sick pay		1,675,934
Reserve for workers' compensation claims (Note 5)		199,173
Reserve for health insurance costs (Note 5)		385,000

Total current liabilities 5,903,132

Noncurrent liabilities - Net OPEB liability 73,342,209

Total liabilities 79,245,341

### Deferred Inflows of Resources

Deferred pension cost reductions (Note 6)		5,815,494
Deferred OPEB cost reductions (Note 7)		10,079,049

Total deferred inflows of resources 15,894,543

### Net Position

Net investment in capital assets		51,560,175
Restricted - Capital purchases		59,215
Unrestricted		(22,379,962)

Total net position \$ 29,239,428

# Capital Area Transportation Authority

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

Year Ended September 30, 2021

<b>Operating Revenue</b>	
Linehaul	\$ 1,094,697
Contract services	6,267,945
Paratransit	468,820
Rural service	25,833
Senior shopping bus	5,760
Other revenue	409,804
	<hr/>
Total operating revenue	8,272,859
<b>Operating Expenses</b>	
Labor and fringe benefits	36,410,833
Services	3,395,444
Advertising	405,408
Materials, fuel, and supplies	4,210,446
Grant-funded supplies	850,052
Utilities	739,916
Insurance and self-insured costs	696,043
Purchased transportation services	8,143,422
Miscellaneous	409,227
Lease and rentals	47,361
Depreciation	7,372,402
	<hr/>
Total operating expenses	62,680,554
<b>Operating Loss</b>	(54,407,695)
<b>Nonoperating Revenue (Expense)</b>	
Investment income - Net	17,536
Property tax revenue	18,892,484
Government operating grants - Federal	13,849,808
Government operating grants - State	17,473,887
Loss on sale of assets	(466,429)
Interest on operating lease	(792)
	<hr/>
Total nonoperating revenue	49,766,494
<b>Loss - Before capital grants</b>	(4,641,201)
<b>Capital Grants</b>	10,208,948
	<hr/>
<b>Change in Net Position</b>	5,567,747
<b>Net Position - Beginning of year</b>	23,671,681
	<hr/>
<b>Net Position - End of year</b>	<b>\$ 29,239,428</b>

# Capital Area Transportation Authority

## Statement of Cash Flows

Year Ended September 30, 2021

### Cash Flows from Operating Activities

Receipts from operations	\$ 7,481,630
Payments to suppliers	(12,476,647)
Payments to employees and fringes	(30,014,245)
Payments for purchased transportation	<u>(8,143,422)</u>
Net cash and cash equivalents used in operating activities	(43,152,684)

### Cash Flows from Noncapital Financing Activities

Federal operating grants	8,223,360
State of Michigan grants	20,034,961
Local nonoperating receipts	<u>18,094,198</u>
Net cash and cash equivalents provided by noncapital financing activities	46,352,519

### Cash Flows from Capital and Related Financing Activities

Receipt of capital grants	10,696,656
Proceeds from sale of capital assets	96,446
Purchase of capital assets	<u>(10,227,172)</u>
Net cash and cash equivalents provided by capital and related financing activities	565,930

### Cash Flows from Investing Activities

Investment income	78,316
Proceeds from sale and maturities of investment securities	<u>6,949,977</u>
Net cash and cash equivalents provided by investing activities	<u>7,028,293</u>

### Net Increase in Cash and Cash Equivalents

10,794,058

### Cash and Cash Equivalents - Beginning of year

4,133,239

### Cash and Cash Equivalents - End of year

\$ 14,927,297

### Classification of Cash and Cash Equivalents

\$ 14,927,297

### Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (54,407,695)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	7,372,402
Changes in assets and liabilities:	
Receivables	(804,812)
Inventories	81,525
Prepaid and other assets	178,788
Accrued vacation, incentive, and sick pay	4,127,912
Accounts payable	(1,966,652)
Net pension and OPEB liabilities and related deferrals	<u>2,265,848</u>
Total adjustments	<u>11,255,011</u>
Net cash and cash equivalents used in operating activities	<u><u>\$ (43,152,684)</u></u>

# Capital Area Transportation Authority

## Statement of Fiduciary Net Position

	Pension (December 31, 2020) and OPEB (September 30, 2021) Funds
<b>Assets</b>	
Investments: (Note 3)	
Mutual funds	\$ 13,324,003
Group annuity contracts	68,016,363
Receivables	<u>1,418,340</u>
Total assets	82,758,706
<b>Liabilities</b>	
	<u>-</u>
<b>Net Position</b>	
Pension	68,716,363
Postemployment benefits other than pension	<u>14,042,343</u>
Total net position	<u><u>\$ 82,758,706</u></u>

## Capital Area Transportation Authority

### Statement of Changes in Fiduciary Net Position

	Pension (Year Ended December 31, 2020) and OPEB (Year Ended September 30, 2021) Funds
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 975,807
Change in fair value of investments	<u>7,872,162</u>
Net investment income	8,847,969
Contributions:	
Employer contributions	3,421,740
Member contributions	<u>1,257,521</u>
Total contributions	<u>4,679,261</u>
Total additions	13,527,230
<b>Deductions</b>	
Benefit payments	3,522,910
Administrative expenses	<u>74,306</u>
Total deductions	<u>3,597,216</u>
<b>Net Increase in Net Position</b>	9,930,014
<b>Net Position - Beginning of year</b>	<u>72,828,692</u>
<b>Net Position - End of year</b>	<u><u>\$ 82,758,706</u></u>

September 30, 2021

### Note 1 - Significant Accounting Policies

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

The Capital Area Transportation Authority (the "Authority") is a public body organized as a legal entity pursuant to the Mass Transportation System Authorities Act, Public Act 55 of 1963. The Authority has the capability and authority to provide public transportation to the general public in the greater Lansing area. Its member municipalities include the cities of Lansing and East Lansing, Michigan and the townships of Delhi, Lansing, and Meridian. The Authority is also authorized by the act to operate within certain service boundaries, which include the counties of Ingham, Eaton, and Clinton, Michigan. The Authority has contracted with the County of Ingham, Michigan to administer and manage transportation services to the area in the county not included in the municipalities listed above.

The Authority's operating fund and Retiree OPEB Trust fund have a September 30 year end. The pension plan funds are maintained on a calendar year reporting basis. The September 30, 2021 financial statements of the Authority include certain pension plan data as of December 31, 2020.

#### **Discretely Presented Component Units**

##### ***Fiduciary Component Units***

Although legally separate from the Authority, the Union Pension Plan, Administrative Pension Plan, and Retiree OPEB Trust are reported as fiduciary component units because they are each governed by the Authority's board of directors and impose a financial burden on the Authority

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

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

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

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

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

##### **Proprietary Funds**

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 will not be used to operate the Authority's programs. The Authority reports pension and OPEB trust funds that account for the activities of the Union and Administrative Employees' Retirement plans and the Retiree OPEB Trust as fiduciary funds.

##### ***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. Pension plan investments in group annuity contracts are valued at net asset value, which approximates 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.

**Capital Assets**

Capital assets, which include property, plant, vehicles, and equipment, 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.

Interest incurred during the construction of capital assets is included as part of the capitalized value of the assets constructed.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Buildings	10-40
Equipment	3-10
Vehicles	4-12
Bus shelters	15
Furniture, fixtures, and equipment	5-12

**Local Contributions and Contract Revenue**

In accordance with the property tax levies in each of the member municipalities, the Authority has recorded accounts receivable for amounts levied but not yet remitted to the Authority. In addition, the Authority has recorded accounts receivable related to contract services provided and not yet paid in accordance with the contracts in place with the contracted service providers.

**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.

September 30, 2021

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

When assets acquired with capital grant funds are disposed, 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.

#### **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 a future period and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows of resources related to pensions and 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 a future period and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources related to pensions and OPEB.

#### **Net Position Flow Assumption**

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

#### **Property Tax Revenue**

Property taxes are levied on each December 1 or July 1 and become an enforceable lien at that time by the counties of Ingham, Eaton, and Clinton, Michigan; cities of Lansing and East Lansing, Michigan; and townships of Delhi, Lansing, and Meridian. Property taxes are recognized as revenue when levied, with proper allowances made for estimated adjustments and Michigan Tax Tribunal refunds.

#### **Pension**

The Authority offers defined benefit pension plans to its employees. The Authority records a net pension liability (asset) for the difference between the total pension liability calculated by the actuary and the pension plans' fiduciary net position. For the purpose of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Union and Administrative Employees' Retirement plans and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

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

September 30, 2021

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

**Accrued Vacation, Incentive, and Sick Pay**

It is the Authority's policy not to permit employees to accumulate unused vacation time from year to year. The liability recorded at year end represents earned vacation, incentive, and paid personal time earned but not yet paid. The operating fund is used to liquidate these obligations.

**Proprietary Funds Operating Classification**

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

**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.

**Upcoming Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Authority's financial statements for the year ended September 30, 2021 but were extended to September 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. 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.

September 30, 2021

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

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2023. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2023.

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

Under Act 51 of the Public Acts of 1951, as amended, the State of Michigan makes distributions of funds that have been appropriated for mass transit operating assistance. 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 (MDOT) as to the eligible expenses reimbursement percentage for the fiscal year ended September 30, 2021.

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, 2018. There are no further adjustments as a result to closing out this year. Furthermore, the Authority awaits the final determination for the years ended September 30, 2019, 2020, and 2021 (open years). The Authority has recorded an estimated aggregate receivable of approximately \$590,000 as of September 30, 2021 based on management's anticipation of the results of the State's final determination of the Act 51 funding formula for the open years.

**Note 3 - Deposits and Investments**

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

	Business-type Activities	Fiduciary Activities	Total
Cash and cash equivalents	\$ 14,927,297	\$ -	\$ 14,927,297
Investments	10,827,849	81,340,366	92,168,215
Total deposits and investments	<u>\$ 25,755,146</u>	<u>\$ 81,340,366</u>	<u>\$ 107,095,512</u>

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

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications 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 pension trust funds and retiree health care fund are 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 and securities of the United States government, bank accounts and CDs, commercial paper rated at the time of purchase within the two highest classifications established, and investment pools organized by a financial institution whose deposits are insured by an agency of the United States government.

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 year end, the Authority had \$2,900,503 of bank deposits (checking and savings accounts) 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. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***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 have specific limits in excess of state law on investment maturities, other than limiting investments in commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Authority had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
<b>Primary Government</b>		
U.S. Treasury securities	\$ 7,202,514	1.97
U.S. government agency securities	<u>3,625,335</u>	1.60
Total	<u><u>\$ 10,827,849</u></u>	

September 30, 2021

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

Investment	Carrying Value	Weighted- average Maturity (Years)
<b>Fiduciary Funds</b>		
Group annuity contracts	\$ 68,016,363	N/A
Mutual funds	<u>4,193,631</u>	8.40
Total	<u><u>\$ 72,209,994</u></u>	

**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, other than limiting commercial paper to mature no more than 270 days after the date of purchase.

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
U.S. Treasury securities	\$ 7,202,514	AA+	S&P
U.S. government agency securities	<u>3,625,335</u>	AA+	S&P
Total	<u><u>\$ 10,827,849</u></u>		

Investment	Carrying Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
Group annuity contracts	\$ 68,016,363	N/A	N/A
Mutual funds	<u>4,193,631</u>	3 stars	Morningstar
Total	<u><u>\$ 72,209,994</u></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.

September 30, 2021

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

The Authority has the following recurring fair value measurements as of September 30, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2021
<b>Assets</b>				
Trading securities:				
Debt securities - U.S.				
Treasury securities	\$ -	\$ 7,202,514	\$ -	\$ 7,202,514
Debt securities - U.S. government agency securities	-	3,625,335	-	3,625,335
Mutual funds - Fixed income	4,193,631	-	-	4,193,631
Mutual funds - Equities	9,130,372	-	-	9,130,372
<b>Total assets</b>	<b>\$ 13,324,003</b>	<b>\$ 10,827,849</b>	<b>\$ -</b>	<b>\$ 24,151,852</b>

Mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. debt securities at September 30, 2021 was determined primarily based on Level 2 inputs. The Authority estimates the fair value of these investments using quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices that are observable for the asset, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the table below.

**Investments in Entities that Calculate Net Asset Value per Share**

The Authority holds shares or interests in group annuity contracts where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At September 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Group annuity contracts	\$ 68,016,363	\$ -	N/A	None

The group annuity contracts are investment contracts with principal and stated rates of return guaranteed by Principal Life Insurance Company. The group annuity contracts invest the majority of their assets in common stocks and bonds. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

September 30, 2021

**Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Reclassifications and Adjustments	Additions	Disposals	Balance September 30, 2021
Capital assets not being depreciated:					
Land	\$ 2,442,267	\$ -	\$ -	\$ -	\$ 2,442,267
Construction in progress	601,808	(159,920)	197,490	(391,200)	248,178
Subtotal	3,044,075	(159,920)	197,490	(391,200)	2,690,445
Capital assets being depreciated:					
Buildings	40,826,647	146,947	-	(115)	40,973,479
Vehicles	67,286,192	-	9,827,377	(10,036,942)	67,076,627
Furniture, fixtures, and computers	8,512,614	-	-	-	8,512,614
Bus shelters and signs	1,109,412	12,973	202,305	-	1,324,690
Equipment	2,239,606	-	-	-	2,239,606
Subtotal	119,974,471	159,920	10,029,682	(10,037,057)	120,127,016
Accumulated depreciation:					
Buildings	22,520,416	-	1,268,664	-	23,789,080
Vehicles	41,672,520	-	5,624,606	(9,864,590)	37,432,536
Furniture, fixtures, and computers	7,723,371	-	226,239	-	7,949,610
Bus shelters and signs	565,064	-	74,647	-	639,711
Equipment	1,268,103	-	178,246	-	1,446,349
Subtotal	73,749,474	-	7,372,402	(9,864,590)	71,257,286
Net capital assets being depreciated	46,224,997	159,920	2,657,280	(172,467)	48,869,730
Net business-type activities capital assets	\$ 49,269,072	\$ -	\$ 2,854,770	\$ (563,667)	\$ 51,560,175

Depreciation expense recognized in fiscal year 2021 is \$7,372,402.

**Capital Commitments**

Subsequent to September 30, 2021, but prior to the report issuance date, the Authority entered into commitments with contractors for radio purchases totaling approximately \$5 million and for bus purchases totaling approximately \$5.4 million.

**Note 5 - 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 established a limited risk management program for workers' compensation. An excess coverage insurance policy covers individual claims in excess of \$500,000, aggregate claims in excess of \$1,505,000, and maximum insurance of \$5,000,000. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

September 30, 2021

**Note 5 - Risk Management (Continued)**

The Authority estimates the liability for workers' compensation and health and related benefits claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the current fiscal and prior years were as follows:

	Workers' Compensation		Health and Related Benefit Claims	
	2021	2020	2021	2020
Estimated liability - Beginning of year	\$ 259,076	\$ 77,146	\$ 552,000	\$ 400,000
Estimated claims incurred, including changes in estimates	414,717	428,301	5,828,545	6,543,643
Claim payments	(474,620)	(246,371)	(5,995,545)	(6,391,643)
Estimated liability - End of year	<u>\$ 199,173</u>	<u>\$ 259,076</u>	<u>\$ 385,000</u>	<u>\$ 552,000</u>

**Note 6 - Pension Plans**

**Plan Description**

The Capital Area Transportation Authority provides a monthly retirement benefit to union and administrative employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Union Employees' Retirement Plan and the Administrative Employees' Retirement Plan, single-employer pension plans administered by the Authority.

The financial statements of each pension system are included in these financial statements as a pension trust fund (a fiduciary fund).

**Benefits Provided**

The Union Employees' Retirement Plan and Administrative Employees' Retirement Plan provide retirement, disability, and death benefits to union and administrative retirees. Retirement benefits are calculated as years of accrued service multiplied by scheduled rates, as determined by the employee's retirement date. To be eligible, employees must have a minimum number of years of service (100 percent vested after 10 years of service), as well as meeting minimum retirement age (59, or early retirement beginning at age 55). The benefits also include disability, single-sum death, and survivor annuity death.

Benefit terms are generally established and amended by authority of the Authority's board of directors, subject to the terms of collective bargaining.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

	Union Employees' Retirement Plan	Administrative Employees' Retirement Plan
Date of member count	December 31, 2020	December 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	148	38
Inactive plan members entitled to but not yet receiving benefits	56	44
Active plan members	<u>218</u>	<u>49</u>
Total employees covered by the plan	<u>422</u>	<u>131</u>

September 30, 2021

**Note 6 - Pension Plans (Continued)**

**Contributions**

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The Authority hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to make pension contributions of \$83.50 per week through April 2021, which then increased to \$86.50 per week, to the Union Employees' Retirement Plan and 7 percent of compensation paid per month to the Administrative Employees' Retirement Plan. The Authority's required contribution is determined after consideration of the required contribution rate of employees, including a required match of all participant contributions to the Union Employees' Retirement Plan. For the year ended September 30, 2021, the Authority's average contribution rate was 8 percent and 23 percent of annual payroll for the Union Employees' Retirement Plan and Administrative Employees' Retirement Plan, respectively.

**Net Pension Liability**

The Authority chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Union Employees' Retirement Plan	Administrative Employees' Retirement Plan
Measurement date used for the Authority's net pension liability	December 31, 2020	December 31, 2020
Based on a comprehensive actuarial valuation as of	December 31, 2020	December 31, 2020

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

**Union Employees' Retirement Plan**

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
<b>Balance at January 1, 2020</b>	\$ 41,474,957	\$ 42,518,000	\$ (1,043,043)
Changes for the year:			
Service cost	884,959	-	884,959
Interest	2,523,871	-	2,523,871
Differences between expected and actual experience	(150,927)	-	(150,927)
Changes in assumptions	(92,796)	-	(92,796)
Contributions - Employer	-	989,886	(989,886)
Contributions - Employee	-	989,886	(989,886)
Net investment income	-	4,486,330	(4,486,330)
Benefit payments, including refunds	(1,672,256)	(1,672,256)	-
Administrative expenses	-	(47,488)	47,488
Net changes	1,492,851	4,746,358	(3,253,507)
<b>Balance at December 31, 2020</b>	<b>\$ 42,967,808</b>	<b>\$ 47,264,358</b>	<b>\$ (4,296,550)</b>

The Union Employees' Retirement Plan's fiduciary net position represents 112.82 percent of the total pension liability.

September 30, 2021

**Note 6 - Pension Plans (Continued)**

**Administrative Employees' Retirement Plan**

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
<b>Balance at January 1, 2020</b>	\$ 19,905,344	\$ 19,191,793	\$ 713,551
Changes for the year:			
Service cost	567,379	-	567,379
Interest	1,204,422	-	1,204,422
Differences between expected and actual experience	7,800	-	7,800
Changes in assumptions	(41,736)	-	(41,736)
Contributions - Employer	-	700,000	(700,000)
Contributions - Employee	-	228,558	(228,558)
Net investment income	-	2,156,534	(2,156,534)
Benefit payments, including refunds	(798,063)	(798,063)	-
Administrative expenses	-	(26,817)	26,817
Net changes	939,802	2,260,212	(1,320,410)
<b>Balance at December 31, 2020</b>	<u>\$ 20,845,146</u>	<u>\$ 21,452,005</u>	<u>\$ (606,859)</u>

The Administrative Employees' Retirement Plan's fiduciary net position represents 102.91 percent of the total pension liability.

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

For the year ended September 30, 2021, the Authority recognized combined pension gain of \$1,096,583 from both plans.

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions for both plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 349,918	\$ (421,823)
Changes in assumptions	834,332	(94,455)
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	-	(5,299,216)
Employer contributions to the plan subsequent to the measurement date	1,056,967	-
Total	<u>\$ 2,241,217</u>	<u>\$ (5,815,494)</u>

**Note 6 - Pension Plans (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending September 30	Amount
2022	\$ (1,383,758)
2023	(784,106)
2024	(1,877,505)
2025	(585,875)
Total	<u>\$ (4,631,244)</u>

**Actuarial Assumptions**

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

	Union Employees' Retirement Plan	Administrative Employees' Retirement Plan
Inflation	2.00%	2.00%
Salary increases (including inflation)	4.00%	2.00%
Investment rate of return (net of investment expenses)	6.00%	6.00%
Mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables for annuitants and nonannuitants, Public General employment, sex distinct, MP-2019 improvement scale	Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables for annuitants and nonannuitants, Public General employment, sex distinct, MP-2019 improvement scale

**Discount Rate**

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

September 30, 2021

**Note 6 - Pension Plans (Continued)**

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the December 31, 2020 measurement date for each major asset class included in the pension plans' target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Union Employees' Retirement Plan		Administrative Employees' Retirement Plan	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Large Cap S&P 500 Index Fund	55.00 %	8.00 %	60.00 %	8.00 %
General Investment Fund	45.00	3.50	40.00	3.50

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

The following presents the net pension asset of the Authority, calculated using the discount rate of 6.0 percent, as well as what the Authority's net pension (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net pension asset of the Union Employees' Retirement Plan	\$ (554,597)	\$ (4,296,550)	\$ (9,624,934)
Net pension liability (asset) of the Administrative Employees' Retirement Plan	1,815,585	(606,859)	(2,628,891)

**Investment Policy**

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the authority board by a majority vote of its members. It is the policy of the authority 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 pension plans' 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 authority board's adopted asset allocation policy as of September 30, 2021:

Asset Class	Target Allocation - Union Employees' Retirement Plan	Target Allocation - Administrative Employees' Retirement Plan
Large Cap S&P 500 Index Fund	55.00 %	60.00 %
General Investment Fund	45.00	40.00
Total	100.00 %	100.00 %

**Rate of Return**

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.5 percent for the union plan and 12.0 percent for the administrative plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

September 30, 2021

**Note 7 - Other Postemployment Benefit Plan**

**Plan Description**

The Authority administers the retiree health care benefits plan (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for union and administrative employees of the Authority.

Management of the Plan is vested with the Authority's board, which consists of 10 members.

**Benefits Provided**

The Plan provides health care for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the Plan.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

Date of member count	September 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	150
Active plan members	<u>284</u>
Total plan members	<u><u>434</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 recognized when 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.

The Authority has chosen to use the September 30 measurement date as its measurement date for the net OPEB liability. The September 30, 2021 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, 2021 measurement date.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at October 1, 2020</b>	\$ 90,968,323	\$ 11,118,899	\$ 79,849,424
Changes for the year:			
Service cost	5,363,106	-	5,363,106
Interest	2,251,420	-	2,251,420
Differences between expected and actual experience	(876,766)	-	(876,766)
Changes in assumptions	(9,268,940)	-	(9,268,940)
Contributions - Employer	-	1,731,854	(1,731,854)
Contributions - Employee	-	39,077	(39,077)
Net investment income	-	2,205,104	(2,205,104)
Benefit payments, including refunds	(1,052,591)	(1,052,591)	-
Net changes	<u>(3,583,771)</u>	<u>2,923,444</u>	<u>(6,507,215)</u>
<b>Balance at September 30, 2021</b>	<u><u>\$ 87,384,552</u></u>	<u><u>\$ 14,042,343</u></u>	<u><u>\$ 73,342,209</u></u>

September 30, 2021

**Note 7 - Other Postemployment Benefit Plan (Continued)**

The Plan's fiduciary net position represents 16.1 percent of the total OPEB liability.

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

For the year ended September 30, 2021, the Authority recognized OPEB expense of \$10,009,058.

At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,202,806	\$ 774,219
Changes in assumptions	15,293,061	7,873,982
Net difference between projected and actual earnings on OPEB plan investments	-	1,430,848
Total	<u>\$ 25,495,867</u>	<u>\$ 10,079,049</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending September 30	Amount
2022	\$ 3,197,991
2023	3,268,175
2024	3,028,944
2025	3,135,334
2026	3,315,294
Thereafter	<u>(528,920)</u>
Total	<u>\$ 15,416,818</u>

***Actuarial Assumptions***

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using an inflation assumption included in the expected return; assumed salary increases (including inflation) of 3.5 percent; an investment rate of return (net of investment expenses, including inflation) of 7.0 percent; a health care cost trend rate of 7.50 percent, graded 0.25 percent per year to an ultimate rate of 4.5 percent; and the Pub-2010 mortality tables with MP-2020 improvement scale. All assumptions were applied to all periods included in the measurement.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 3.01 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.

September 30, 2021

**Note 7 - Other Postemployment Benefit Plan (Continued)**

Based on those assumptions, the Plan's net position was projected to be insufficient to make projected future benefit payments of current plan members beyond 2039. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield.

**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, 2021 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Stock market index fund	8.50 %
Bond and corporate index fund	4.75

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

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 3.01 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (2.01%)	Current Discount Rate (3.01%)	1 Percentage Point Increase (4.01%)
Net OPEB liability of the Plan	\$ 88,536,470	\$ 73,342,209	\$ 61,278,593

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

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

	1 Percentage Point Decrease (6.50%)	Current Health Care Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the Plan	\$ 58,562,573	\$ 73,342,209	\$ 92,494,024

**Assumption Changes**

Since the prior valuation, the discount rate increased from 2.35 percent to 3.01 percent.

September 30, 2021

**Note 7 - 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, 2021:

Asset Class	Target Allocation
Stock market index fund	60.00 %
Bond and corporate index fund	40.00
Total	<u>100.00 %</u>

**Concentrations**

At September 30, 2021, the Plan held approximately 100 percent of its investment portfolio in three Vanguard mutual funds.

**Rate of Return**

For the year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 19.83 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 8 - Commitments**

Bus tires are to be furnished to the Authority under the terms of a supplier agreement effective January 1, 2019. Payments for the use of the tires are to be made monthly and are based on the number of miles run. Bus tire expense under this agreement for the year ended September 30, 2021 was \$173,465.

**Note 9 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial. A provision for vehicle claims that existed at September 30, 2021 is recorded as a reserve for vehicle liability claims, as estimated by management, on the statement of net position.

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

**Note 10 - Cost Allocation Plan**

The Authority has a cost allocation plan for all allocated expenses. The three allocation plans were approved by the State's Bureau of Passenger Transportation (BPT). The first allocation plan is the 2012 Administrative Cost Plan approved in 2012, which was the allocation plan used in the preparation of the financial statements for all expenses except for Meals on Wheels expenses and Job Access and Reverse Commute (JARC) program expenses. There are separate allocation plans for the Meals on Wheels service (approved in 2013) and JARC program expenses (approved in 2015).

September 30, 2021

### Note 11 - Eligible and Ineligible Costs

The State's Office of Passenger Transportation (OPT) requires the Authority to include supplemental schedules to the financial statements. These supplemental schedules are included among the other supplemental information of this report. These schedules include eligible expenses to be reimbursed with state funds that have been appropriate for mass transit operating assistance under Act 51. The schedules also detail ineligible expenses that cannot be reimbursed. The supplemental schedules detail any Section 5307 (capital funding) and any other grant funding used to pay operating expenses and either subtract them out as ineligible or do not include them in the total expenses to be reimbursed.

Depreciation expense on assets purchased with state or federal grant funds is shown as ineligible expenses. The ineligible depreciation amount of \$7,369,623 on assets purchased with state or federal funds has been reported in PTMS (Public Transportation Management System) code 55007. Depreciation expense of assets purchased with local funds where the useful life of the asset purchased has been approved by the OPT is reported as an eligible expense.

The revenue schedules report \$16,500 as building rental, \$144,594 as parking lot rental, and \$246,658 in other nontransportation revenue. Expenses of \$77,793 associated with building rental are shown as ineligible under PTMS code 56004. Expense of \$98,457 associated with other nontransportation revenue is shown as ineligible under PTMS code 55010.

Other expenses in the amount of \$215,331 are reported as ineligible under PTMS code 55008. This includes \$3,075 in Meals on Wheels revenue that was reported in revenue code 40400 and other ineligible items, such as gifts and donations. Ineligible interest of \$792 was reported under PTMS code 55006.

A portion of ineligible association dues in the amount of \$9,617 was reported as ineligible under PTMS code 55009.

Other operating expenses that were paid for by capital contract are subtracted out as ineligible. Expenses include: preventive maintenance expenses of \$1,100,000 (PTMS code 55011) and operating expenses paid by capital contract of \$850,052 (PTMS code 57604).

Loss on disposal of assets in the amount of \$556,197 was included in expenses and shown as ineligible under PTMS code 58009.

The Authority had a pension gain of \$(1,096,583), of which \$(2,760,711) has been shown as ineligible under PTMS code 58020 - Ineligible DB Pension. The amount of \$1,218,444 was paid into the pension trust in fiscal year 2021 by the Authority.

The Authority expensed \$10,009,060 in other postemployment benefits, of which \$8,238,126 has been shown as ineligible expense under PTMS code 58020 - Ineligible DB OPEB. An amount of \$718,340 was paid to the OPEB trust in fiscal year 2021. An additional \$1,312,728 was also paid in retirement health care expenses in fiscal year 2021 and is reported in fringe benefit expenses.

### Note 12 - COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused disruptions through mandated and voluntary closings of businesses and shelter-in-place orders for all but those deemed to be essential services. Since the outbreak, the Authority has continuously monitored the situation and made necessary adjustments to operations to ensure the safety of services. This includes reducing bus capacity, requiring face covers for riders, and additional bus-cleaning procedures. To reduce contact between riders and drivers, the Authority suspended collecting all fares for rides for the period from March 18, 2020 to June 14, 2020 but reinstated collecting fares as of June 15, 2020.

**September 30, 2021**

**Note 12 - COVID-19 Pandemic (Continued)**

The Authority began reducing fixed-route service on March 18, 2020. On March 23, 2020, the Authority suspended all fixed-route service and went to demand-response-only service. Fixed-route and regular paratransit service began on a limited basis beginning on May 4, 2020. A more robust service began on May 26, 2020. On June 15, 2020, the Authority implemented regular fixed-route summer service with the exception of one route. Fare-free service was in place from March 18, 2020 to June 14, 2020. Fares were reinstated on June 15, 2020. Since then, the Authority has adjusted service levels several times as a response to the level of the COVID-19 outbreak.

The Authority has received additional federal grant funding from the Coronavirus Aid, Relief, and Economic Security Act; the Coronavirus Relief and Response Supplemental Appropriation Act; and the American Rescue Plan Act (ARPA) to provide assistance with additional operating and capital expenditures necessary as a result of the pandemic. The Authority was allocated additional direct grant funding for urban programs of approximately \$18,343,421 from the CARES Act, \$16,181,801 from CRRSA, and \$26,239,169 from ARPA. For fiscal years 2021 and 2020, the Authority will seek expenditure reimbursement of approximately \$11,342,600 and \$0, respectively, from the federal relief funding. The Authority also received CARES Act funding passed through the State of Michigan for nonurban programs totaling \$713,833 in 2021 and \$264,537 in 2020.

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## Required Supplemental Information

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# Capital Area Transportation Authority

## Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios Union Employees' Retirement Plan

**Last Seven Fiscal Years  
Measurement Date is December 31 of the Previous Year**

	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>							
Service cost	\$ 884,959	\$ 884,008	\$ 761,585	\$ 778,029	\$ 769,047	\$ 901,345	\$ 878,914
Interest	2,523,871	2,278,649	2,020,369	1,929,620	1,835,268	1,731,432	1,566,841
Changes in benefit terms	-	-	1,713,717	-	-	-	-
Differences between expected and actual experience	(150,927)	265,057	287,885	137,767	474,688	600,589	336,591
Changes in assumptions	(92,796)	790,739	709,441	49,796	54,395	45,762	-
Benefit payments, including refunds	(1,672,256)	(1,777,201)	(1,439,726)	(1,734,240)	(1,442,944)	(1,408,792)	(1,698,741)
Other	-	1,598,420	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>1,492,851</b>	<b>4,039,672</b>	<b>4,053,271</b>	<b>1,160,972</b>	<b>1,690,454</b>	<b>1,870,336</b>	<b>1,083,605</b>
<b>Total Pension Liability - Beginning of year</b>	<b>41,474,957</b>	<b>37,435,285</b>	<b>33,382,014</b>	<b>32,221,042</b>	<b>30,530,588</b>	<b>28,660,252</b>	<b>27,576,647</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 42,967,808</b>	<b>\$ 41,474,957</b>	<b>\$ 37,435,285</b>	<b>\$ 33,382,014</b>	<b>\$ 32,221,042</b>	<b>\$ 30,530,588</b>	<b>\$ 28,660,252</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 989,886	\$ 984,997	\$ 1,015,952	\$ 968,784	\$ 871,474	\$ 897,960	\$ 825,579
Contributions - Member	989,886	984,997	1,015,951	968,784	871,474	897,960	825,579
Net investment income (loss)	4,486,330	6,011,788	(352,613)	3,856,679	3,964,867	569,654	2,632,772
Administrative expenses	(47,488)	(52,973)	(46,522)	(41,047)	(51,928)	(1,408,792)	(63,761)
Benefit payments, including refunds	(1,672,256)	(1,777,201)	(1,439,726)	(1,734,240)	(1,442,944)	(73,743)	(1,698,741)
Other	-	-	-	-	(6,907)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>4,746,358</b>	<b>6,151,608</b>	<b>193,042</b>	<b>4,018,960</b>	<b>4,206,036</b>	<b>883,039</b>	<b>2,521,428</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>42,518,000</b>	<b>36,366,392</b>	<b>36,173,350</b>	<b>32,154,390</b>	<b>27,948,354</b>	<b>27,065,315</b>	<b>24,543,887</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 47,264,358</b>	<b>\$ 42,518,000</b>	<b>\$ 36,366,392</b>	<b>\$ 36,173,350</b>	<b>\$ 32,154,390</b>	<b>\$ 27,948,354</b>	<b>\$ 27,065,315</b>
<b>Authority's Net Pension (Asset) Liability - Ending</b>	<b>\$ (4,296,550)</b>	<b>\$ (1,043,043)</b>	<b>\$ 1,068,893</b>	<b>\$ (2,791,336)</b>	<b>\$ 66,652</b>	<b>\$ 2,582,234</b>	<b>\$ 1,594,937</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>110.00 %</b>	<b>102.51 %</b>	<b>97.14 %</b>	<b>108.36 %</b>	<b>99.79 %</b>	<b>91.54 %</b>	<b>94.44 %</b>
<b>Covered Payroll</b>	<b>\$ 11,374,377</b>	<b>\$ 12,282,176</b>	<b>\$ 15,464,724</b>	<b>\$ 13,242,033</b>	<b>\$ 13,751,977</b>	<b>\$ 13,051,323</b>	<b>\$ 12,216,374</b>
<b>Authority's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	<b>(37.77)%</b>	<b>(8.49)%</b>	<b>6.91 %</b>	<b>(21.08)%</b>	<b>0.48 %</b>	<b>19.79 %</b>	<b>13.06 %</b>

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

### Assumption Changes

With the 2019 actuarial valuation, the mortality assumption was updated to the Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables with MP-2018 improvement scale from the RP-2014 Mortality Tables with MP-2018 improvement scale.

With the 2018 actuarial valuation, the mortality assumption was updated to the RP-2014 Mortality Tables from the RP-2000 Mortality Tables.

### Benefit Changes

With the 2018 actuarial valuation, the most recent plan amendment executed on January 24, 2018 is reflected, which includes an increase of \$6 in the normal retirement benefit rate for termination dates after September 30, 2019.

# Capital Area Transportation Authority

## Required Supplemental Information Schedule of Pension Contributions Union Employees' Retirement Plan

### Last Ten Fiscal Years Years Ended September 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 943,494	\$ 790,244	\$ 807,612	\$ 742,482	\$ 777,218	\$ 897,960	\$ 825,579	\$ 770,772	\$ 804,565	\$ 767,572
Contributions in relation to the actuarially determined contribution	987,814	984,997	1,015,952	968,784	871,474	897,960	825,579	770,772	804,565	767,572
<b>Contribution Excess</b>	<b>\$ 44,320</b>	<b>\$ 194,753</b>	<b>\$ 208,340</b>	<b>\$ 226,302</b>	<b>\$ 94,256</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 11,374,377</b>	<b>\$ 12,282,176</b>	<b>\$ 15,464,724</b>	<b>\$ 13,242,033</b>	<b>\$ 13,751,977</b>	<b>\$ 13,212,642</b>	<b>\$ 12,216,374</b>	<b>\$ 9,670,101</b>	<b>\$ 9,450,642</b>	<b>\$ 9,207,858</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>8.68 %</b>	<b>8.02 %</b>	<b>6.57 %</b>	<b>6.70 %</b>	<b>6.56 %</b>	<b>6.80 %</b>	<b>6.76 %</b>	<b>7.97 %</b>	<b>8.51 %</b>	<b>8.34 %</b>

#### Notes to Schedule of Pension Contributions - Union Employees' Retirement Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of January 1.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal - Level of percentage of compensation
Asset valuation method	Equal to market value of assets
Inflation	2.00 percent
Salary increase	4.00 percent
Investment rate of return	6.00 percent
Retirement age	59 - Normal retirement age, as defined in the summary of plan provisions
Mortality	Pub-2010 Public Retirement Plans Mortality Tables with MP-2019 improvement scale

# Capital Area Transportation Authority

## Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios Administrative Employees' Retirement Plan

**Last Seven Fiscal Years  
Measurement Date is December 31 of the Previous Year**

	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>							
Service cost	\$ 567,379	\$ 567,036	\$ 559,994	\$ 441,360	\$ 505,572	\$ 414,794	\$ 424,887
Interest	1,204,422	1,135,258	1,198,325	1,181,777	1,192,736	1,137,093	1,065,211
Changes in benefit terms	-	205,693	-	-	-	-	-
Differences between expected and actual experience	7,800	(269,239)	(1,115,225)	1,751,137	110,949	232,973	329,293
Changes in assumptions	(41,736)	398,989	445,745	25,631	23,815	432,360	-
Benefit payments, including refunds	(798,063)	(972,660)	(3,321,283)	(3,164,209)	(738,853)	(2,022,338)	(952,299)
<b>Net Change in Total Pension Liability</b>	939,802	1,065,077	(2,232,444)	235,696	1,094,219	194,882	867,092
<b>Total Pension Liability - Beginning of year</b>	19,905,344	18,840,267	21,072,711	20,837,015	19,742,796	19,547,914	18,680,822
<b>Total Pension Liability - End of year</b>	<b>\$ 20,845,146</b>	<b>\$ 19,905,344</b>	<b>\$ 18,840,267</b>	<b>\$ 21,072,711</b>	<b>\$ 20,837,015</b>	<b>\$ 19,742,796</b>	<b>\$ 19,547,914</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 633,906	\$ 395,223	\$ 409,598
Contributions - Member	228,558	222,366	217,558	192,200	88,907	180,979	193,090
Net investment income (loss)	2,156,534	3,421,692	(317,632)	2,776,672	846,742	144,288	1,556,717
Administrative expenses	(26,817)	(24,284)	(25,389)	(29,531)	(51,063)	(42,357)	(35,930)
Benefit payments, including refunds	(798,063)	(972,660)	(3,321,283)	(3,164,209)	(738,853)	(2,022,338)	(952,299)
Other	-	-	-	-	(4,358)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	2,260,212	3,347,114	(2,746,746)	475,132	775,281	(1,344,205)	1,171,176
<b>Plan Fiduciary Net Position - Beginning of year</b>	19,191,793	15,844,679	18,591,425	18,116,293	17,341,012	18,685,217	17,514,041
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 21,452,005</b>	<b>\$ 19,191,793</b>	<b>\$ 15,844,679</b>	<b>\$ 18,591,425</b>	<b>\$ 18,116,293</b>	<b>\$ 17,341,012</b>	<b>\$ 18,685,217</b>
<b>Authority's Net Pension (Asset) Liability - Ending</b>	<b>\$ (606,859)</b>	<b>\$ 713,551</b>	<b>\$ 2,995,588</b>	<b>\$ 2,481,286</b>	<b>\$ 2,720,722</b>	<b>\$ 2,401,784</b>	<b>\$ 862,697</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	102.91 %	96.42 %	84.10 %	88.23 %	86.94 %	87.83 %	95.59 %
<b>Covered Payroll</b>	\$ 3,440,784	\$ 3,089,692	\$ 3,262,260	\$ 3,153,829	\$ 2,344,817	\$ 2,981,719	\$ 3,039,472
<b>Authority's Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	(17.64)%	23.09 %	91.83 %	78.68 %	116.03 %	80.55 %	28.38 %

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

### Assumption Changes

With the 2019 actuarial valuation, the mortality assumption was updated to the Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables with MP-2018 improvement scale from the RP-2014 Mortality Tables with MP-2018 improvement scale.

With the 2018 actuarial valuation, the mortality assumption was updated to the RP-2014 Mortality Tables from the RP-2000 Mortality Tables.



# Capital Area Transportation Authority

## Required Supplemental Information Schedule of Pension Investment Returns

	Last Seven Fiscal Years						
	Measurement Date is December 31 of the Previous Year						
	2021	2020	2019	2018	2017	2016	2015
Union Employees' Retirement Plan - Annual money-weighted rate of return - Net of investment expense	11.50 %	18.23 %	(0.78)%	12.52 %	7.38 %	2.07 %	10.20 %
Administrative Employees' Retirement Plan - Annual money-weighted rate of return - Net of investment expense	12.00 %	20.01 %	(2.00)%	16.57 %	8.07 %	0.80 %	8.60 %

## Capital Area Transportation Authority

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

#### Last Five Fiscal Years

	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service cost	\$ 5,363,106	\$ 1,934,910	\$ 2,022,770	\$ 1,781,196	\$ 1,738,555
Interest	2,251,420	2,136,164	2,021,059	1,377,737	1,299,584
Differences between expected and actual experience	(876,766)	14,139,217	(80,917)	341,423	75,294
Changes in assumptions	(9,268,940)	20,889,644	(155,995)	1,155,482	-
Benefit payments, including refunds	(1,052,591)	(1,660,107)	(1,229,414)	(947,617)	(1,185,270)
<b>Net Change in Total OPEB Liability</b>	(3,583,771)	37,439,828	2,577,503	3,708,221	1,928,163
<b>Total OPEB Liability - Beginning of year</b>	90,968,323	53,528,495	50,950,992	47,242,771	33,602,319
<b>Total OPEB Liability - End of year</b>	<b>\$ 87,384,552</b>	<b>\$ 90,968,323</b>	<b>\$ 53,528,495</b>	<b>\$ 50,950,992</b>	<b>\$ 35,530,482</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 1,731,854	\$ 2,344,240	\$ 1,880,969	\$ 1,568,146	\$ 1,725,577
Contributions - Employee	39,077	43,679	-	-	50,673
Net investment income	2,205,104	1,154,874	470,085	841,383	794,781
Benefit payments, including refunds	(1,052,591)	(1,660,107)	(1,229,414)	(947,617)	(1,185,271)
Other	-	(43,687)	-	-	3,047
<b>Net Change in Plan Fiduciary Net Position</b>	2,923,444	1,838,999	1,121,640	1,461,912	1,388,807
<b>Plan Fiduciary Net Position - Beginning of year</b>	11,118,899	9,279,900	8,158,260	6,696,348	5,307,541
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 14,042,343</b>	<b>\$ 11,118,899</b>	<b>\$ 9,279,900</b>	<b>\$ 8,158,260</b>	<b>\$ 6,696,348</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 73,342,209</b>	<b>\$ 79,849,424</b>	<b>\$ 44,248,595</b>	<b>\$ 42,792,732</b>	<b>\$ 28,834,134</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	16.07 %	12.22 %	17.34 %	16.01 %	18.85 %
<b>Covered-employee Payroll</b>	\$ 20,486,818	\$ 22,057,485	\$ 21,304,311	\$ -	\$ -
<b>Net OPEB Liability as a Percentage of Covered-employee Payroll</b>	358.00 %	362.01 %	207.70 %	- %	- %

This schedule is intended to show information for 10 years. Additional years' information will be reported as it becomes available. During 2018, the Authority and actuary identified an addition to the total OPEB liability that should have been included in the 2017 total OPEB liability. This adjustment was added to the beginning liability for 2018; as a result, that amount does not equal the 2017 ending liability.

#### Assumption Changes

In the 2021 valuation, the discount rate increased from 2.35 percent to 3.01 percent.

In the 2020 valuation, the mortality assumption was updated, and the discount rate decreased from 3.91 percent to 2.35 percent.

In the 2019 valuation, the mortality assumption was updated, and the discount rate increased from 3.86 percent to 3.91 percent.

# Capital Area Transportation Authority

## Required Supplemental Information Schedule of OPEB Contributions

### Last Ten Fiscal Years Years Ended September 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 15,309,872	\$ 8,657,571	\$ 7,677,439	\$ 5,138,595	\$ 4,705,924	\$ 2,848,496	\$ 2,529,661	\$ 2,529,661	\$ 2,551,485	\$ 2,448,454
Contributions in relation to the actuarially determined contribution	1,731,854	2,344,240	1,880,969	1,568,146	1,725,577	2,168,986	983,504	1,422,339	1,304,228	1,548,837
<b>Contribution Deficiency</b>	<b>\$ (13,578,018)</b>	<b>\$ (6,313,331)</b>	<b>\$ (5,796,470)</b>	<b>\$ (3,570,449)</b>	<b>\$ (2,980,347)</b>	<b>\$ (679,510)</b>	<b>\$ (1,546,157)</b>	<b>\$ (1,107,322)</b>	<b>\$ (1,247,257)</b>	<b>\$ (899,617)</b>
<b>Covered-employee Payroll</b>	\$ 20,486,818	\$ 22,057,485	\$ 21,304,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Contributions for the Authority's fiscal year ended September 30, 2021 were determined based on the actuarial valuation as of September 30, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percent)
Amortization method	Level dollar, closed
Remaining amortization period	8 years
Asset valuation method	Equal to market value of asset
Inflation	Included in the expected return
Health care cost trend rates	7.50 percent, graded 0.25 percent per year to an ultimate rate of 4.50 percent
Salary increase	3.50 percent
Investment rate of return	7.00 percent
Retirement age	60 years
Mortality	PubH 2010 mortality tables with the MP-2021 improvement scale

**Capital Area Transportation Authority**

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

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**Last Four Fiscal Years  
Years Ended September 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	19.83 %	12.23 %	5.65 %	11.35 %

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## Other Supplemental Information

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## Capital Area Transportation Authority

### Other Supplemental Information Statement of Fiduciary Net Position Fiduciary Funds

	Union Pension Plan December 31, 2020	Admin Pension Plan December 31, 2020	Retiree OPEB Trust September 30, 2021	Total Pension and OPEB Fiduciary Funds
<b>Assets</b>				
Investments:				
Mutual funds	\$ -	\$ -	\$ 13,324,003	\$ 13,324,003
Group annuity contracts	47,264,358	20,752,005	-	68,016,363
Receivables	-	700,000	718,340	1,418,340
Total assets	<u>47,264,358</u>	<u>21,452,005</u>	<u>14,042,343</u>	<u>82,758,706</u>
<b>Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position - Restricted</b>				
Pension	47,264,358	21,452,005	-	68,716,363
Postemployment benefits other than pension	-	-	14,042,343	14,042,343
Total net position	<u>\$ 47,264,358</u>	<u>\$ 21,452,005</u>	<u>\$ 14,042,343</u>	<u>\$ 82,758,706</u>

## Capital Area Transportation Authority

### Other Supplemental Information Statement of Changes in Fiduciary Net Position Fiduciary Funds

	Union Pension Plan Year Ended December 31, 2020	Admin Pension Plan Year Ended December 31, 2020	Retiree OPEB Trust Year Ended September 30, 2021	Total Pension and OPEB Fiduciary Funds
<b>Additions</b>				
Investment income:				
Interest and dividends	\$ 555,432	\$ 212,255	\$ 208,120	\$ 975,807
Change in fair value of investments	3,930,899	1,944,279	1,996,984	7,872,162
Net investment income	4,486,331	2,156,534	2,205,104	8,847,969
Contributions:				
Employer contributions	989,886	700,000	1,731,854	3,421,740
Member contributions	989,886	228,558	39,077	1,257,521
Total contributions	1,979,772	928,558	1,770,931	4,679,261
Total additions	6,466,103	3,085,092	3,976,035	13,527,230
<b>Deductions</b>				
Benefit payments	1,672,256	798,063	1,052,591	3,522,910
Administrative expenses	47,489	26,817	-	74,306
Total deductions	1,719,745	824,880	1,052,591	3,597,216
<b>Net Increase in Net Position Held in Trust</b>	4,746,358	2,260,212	2,923,444	9,930,014
<b>Net Position - Beginning of year</b>	42,518,000	19,191,793	11,118,899	72,828,692
<b>Net Position - End of year</b>	<b>\$ 47,264,358</b>	<b>\$ 21,452,005</b>	<b>\$ 14,042,343</b>	<b>\$ 82,758,706</b>

## Capital Area Transportation Authority

# Other Supplemental Information 1. Schedule of Operating Revenues

Year Ended September 30, 2021

### Local operating revenues:

40100	Linehaul - Farebox (Urban)	\$	1,094,697
40100	Paratransit - Farebox (Urban)		468,820
40100	Rural Services - Farebox		25,833
40100	Senior shopping bus - Fare Box		5,760
40400	Meals on Wheels		3,075
40610	Concessions		1,867
40720	Rental of Building		16,500
40725	Parking Lot		144,594
40760	Gain on Sale of Assets		89,768
40799	Other Miscellaneous Revenue		246,658
40950	Contract Services		6,267,945

### Total local operating revenues

8,365,517

### State of Michigan operating grants:

41101	Operating grant (Act 51) - Urban		14,226,000
41101	Operating grant (Act 51) - Urban - PY		1,957,079
41101	Operating grant (Act 51) - Rural		742,696
41101	Operating grant (Act 51) - Rural - PY		113,750
41101	Specialized Services		34,579
41101	Specialized Services - PY		12,560
41111	Operating grant - Preventative Maintenance		220,000
41114	Other Capital Contract Reimburse for Operating Expenses		167,223

### Total State of Michigan operating grants

17,473,887

### Federal operating grants:

41301	Operating Grant - Rural - 5311		230,546
41301	Operating Grant - Rural - 5311 - PY		-
41311	Federal grant - Preventative Maintenance		880,000
41314	Other Capital Contract Reimburse for Operating Expenses		682,829
41360	Operating Grant - Rural - 5311 CARES Act Flex		232,056
41361	Operating Grant - 5311 CARES Act		11,342,600
41361	Operating Grant - Rural - 5311 CARES Act		481,777

### Total Federal operating grants

13,849,808

### Local nonoperating revenues:

40800	Property tax		18,892,485
41400	Investment Income		17,536

### Total Local nonoperating revenue

18,910,021

### Total nonoperating revenue

50,233,716

### Total Revenue

\$ 58,599,233

2. Schedule of Expenditures for Federal and State Awards

Year Ended September 30, 2021

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 - Capital Investment Grants	20.500	MI-2016-0002	2012-0055-P027	\$ -	\$ -	\$ -
Federal Transit - Capital Investment Grants	20.500	MI-04-0085	No State match	-	-	-
Federal Transit - Formula Grants (CARES Act)	20.507	MI-0090-X839	No State match	11,342,600	-	11,342,600
Federal Transit - Formula Grants	20.507	MI-2017-014-04	2012-0055-P03D	1,131,381	282,845	1,414,226
Federal Transit - Formula Grants	20.507	MI-2017-014-01	2017-0027-P03A	-	-	-
Federal Transit - Formula Grants	20.507	MI-0090-X782	2012-0055-P28C	159,325	39,831	199,156
Federal Transit - Formula Grants	20.507	MI-0095-X127	2012-0055-P28A	2,214	569	2,783
Federal Transit - Formula Grants	20.507	MI-0090-X647	2012-0055-P005	-	-	-
Federal Transit - Formula Grants	20.507	MI-0090-X672	2012-0055-P015	116,841	29,210	146,051
Federal Transit - Formula Grants	20.507	MI-0095-X105	2012-0055-P012	14,000	-	14,000
Federal Transit - Formula Grants	20.507	MI-0090-X805	2017-0027-P06D	266,671	66,668	333,339
Federal Transit - Formula Grants	20.507	MI-0090-X819	2019-0027-P11D	3,270,070	817,518	4,087,588
Federal Transit - Formula Grants	20.507	MI-0095-0007	2017-0027-P06A	-	-	-
Federal Transit - Formula Grants	20.507	MI-0090-X855	2017-0027-P013D	128,855	32,214	161,069
Federal Transit - Formula Grants	20.507	MI-0090-X870	2017-0027-P017D	880,000	220,000	1,100,000
Federal Transit - Formula Grants	20.507	MI-0095-0013	2019-0027-P11A	-	-	-
Federal Transit - Formula Grants	20.507	MI-90-X376	2002-0024-Z004	-	-	-
Bus and Bus Facilities Formula Program	20.526	MI-34-0001	2012-0055-P011	-	-	-
Bus and Bus Facilities Formula Program	20.526	MI-16-X015	2012-0055-P28D	-	-	-
Bus and Bus Facilities Formula Program	20.526	MI-2017-014-03	2017-0027-P03C	-	-	-
Bus and Bus Facilities Formula Program	20.526	MI-0034-0057	2017-0027-P06B	23,181	5,795	28,976
Bus and Bus Facilities Competitive Program	20.526	MI-0034-0074	2017-0027-P11B	3,737,450	934,363	4,671,813
Bus and Bus Facilities Formula Program	20.526	MI-0034-0074	2019-0027-P11B	-	-	-
Bus and Bus Facilities Formula Program	20.526	MI-0034-0074	2019-0027-P11B	-	-	-
Total Federal Transit Cluster				21,072,588	2,429,013	23,501,601
U.S. Department of Transportation - Pass-through programs from Michigan Department of Transportation (MDOT)						
Formula Grants for Rural Areas						
Section 5311 Operating Formula Grant	20.509	MI-2017-027-P14-R1		230,546	-	230,546
Section 5311 Operating Formula Grant - CARES Act Flex	20.509	MI-2017-027-P15		232,056	-	232,056
Section 5311 Operating Formula Grant - CARES Act	20.509	MI-2017-027-P14-R1		481,777	-	481,777
				944,379	-	944,379
Michigan Department of Transportation						
Operating Assistance - Act 51						
Urban - Current Year	N/A		N/A		14,226,000	14,226,000
Urban - Prior Year	N/A		N/A		1,957,079	1,957,079
Nonurban - Current Year	N/A		N/A		742,696	742,696
Nonurban - Prior Year	N/A		N/A		113,750	113,750
				-	17,039,525	17,039,525
Specialized Services FY 21	N/A	N/A	2017-0027-P7	-	34,579	34,579
Specialized Services Prior Year	N/A	N/A	2017-0027-P7	-	12,560	12,560
<b>Total</b>				<b>\$ 22,016,967</b>	<b>\$ 19,515,677</b>	<b>\$ 41,532,644</b>

For the Year Ended September 30, 2021

Description	MI-2017-014-04	MI-90-X782	MI-0095-X127	MI-90-X672	MI-0095-X105	MI-0090-X805	MI-0090-X819	MI-0090-X855	MI-0034-0057	MI-0034-0074	MI-0090-x839	MI-0090-X855	2017-0027/P10/R2	General Operations Urban Large	General Operations Nonurban	Total
	2017-0027-P03D FY 17 S-5307	2012-0055-P28C FY 16 S-5307	2012-0055-P28A FY 16 S-5307	2012-0055-P15 FY 15 S-5307	2012-0055-P012 FY 14 S-5307	2017-0027-P06D FY 18 S-5307	2017-0027-P11D FY 19 S-5307	2017-0027-P13D FY 20 S-5307	2017-0027-P06B FY 18 S-5339	2017-0027-P11B FY 19 S-5339	FY 20 S-5307 CARES ACT	FY 20 S-5307 Preventative Maintenance (2)	FY 20 Specialized Services			
Labor											\$ 11,310,078	\$ -		\$ 6,788,800	\$ 431,129	\$ 18,530,007
Other fringe benefits														17,462,047	415,959	17,878,006
Purchased services:																
Advertising	1,712	1,000				9,639	6,591							370,317	16,151	405,410
Other	15,989	1,400		31,098	14,000	90,329	150,608		1,434	11,475				2,948,092	130,576	3,395,001
Materials & Supplies	127,130	115,246	2,783	29,347		159,347	1,589	10,270			32,522	1,100,000		3,513,672	100,349	5,192,255
Utilities														710,440	29,477	739,917
Casualty and liability costs														668,270	27,727	695,997
Purchased transportation														7,102,013	1,041,409	8,143,422
Miscellaneous expenses														826,795	11,204	837,999
Interest														792		792
Leases and rentals														45,474	1,887	47,361
Depreciation														7,078,702	293,701	7,372,403
<b>Total</b>	<b>\$ 144,831</b>	<b>\$ 117,646</b>	<b>\$ 2,783</b>	<b>\$ 60,445</b>	<b>\$ 14,000</b>	<b>\$ 269,315</b>	<b>\$ 158,788</b>	<b>\$ 10,270</b>	<b>\$ 1,434</b>	<b>\$ 11,475</b>	<b>\$ 11,342,600</b>	<b>\$ 1,100,000</b>	<b>\$ -</b>	<b>\$ 47,515,414</b>	<b>\$ 2,499,569</b>	<b>\$ 63,238,570</b>

(1) Includes all expenses associated with this contract  
(2) Includes only expenses reimbursed under this contract

## Capital Area Transportation Authority

# Other Supplemental Information 4. Urban Regular Service Revenue Report

Year Ended September 30, 2021

Code	Description	Amount
	<b>Fare Revenue</b>	
40100	Passenger fares	\$ 1,569,277
	<b>Nontransportation Revenue</b>	
40610	Concessions	1,867
40720	Rental of buildings or other properties	16,500
40725	Parking Lot Revenue	48,304
40760	Gain from Sale of Capital Assets	89,768
40799	Other Non-Transportation Revenue	341,081
	<b>Local Revenue</b>	
40800	Taxes levied directly for/by transit agency	18,892,485
	<b>Local Revenue</b>	
40950	Local Service Contracts/Local Source	5,043,209
	<b>State Revenue</b>	
41101	State operating assistance	14,226,000
41101	State operating assistance - Prior Year	1,957,079
41111	Preventative maintenance	220,000
41114	Other Capital Contract Reimburse for Operating Expenses	167,223
41199	Other MDOT/OPT Contracts - Specialized Service	34,579
41199	Other MDOT/OPT Contracts - Specialized Service - Prior Year	12,560
	<b>Federal Revenue</b>	
41311	Preventative maintenance	880,000
41314	Other Capital Contract Reimburse for Operating Expenses	682,829
41361	CARES Act	11,342,600
	<b>Other Revenue</b>	
41400	Investment Income	17,536
<b>Total Urban Regular Service Revenue</b>		<b>\$ 55,542,897</b>

Other Supplemental Information  
**5. Urban Regular Service Expense Report**  
 Year Ended September 30, 2021

Code	Description	Line Haul	Demand Response	Total
<b>Labor:</b>				
50101	Operator salaries & wages	\$ 9,546,754	\$ 1,844,635	\$ 11,391,389
50102	Other salaries & wages	4,890,115	1,817,374	6,707,489
<b>Fringe Benefits</b>				
50200	Other fringe benefits	6,985,113	1,771,821	8,756,934
50220	Defined Benefit Pension	(854,356)	(216,713)	(1,071,069)
50250	Other post retirement benefits	7,798,133	1,978,049	9,776,182
<b>Services</b>				
50302	Advertising	252,075	137,184	389,259
50305	Audit costs	49,506	26,942	76,448
50399	Other	2,106,005	1,081,972	3,187,977
<b>Materials and supplies</b>				
50401	Fuel and Lubricants	1,417,053	255,326	1,672,379
50402	Tires and tubes	166,259	6,447	172,706
50499	Other materials and supplies	2,356,653	890,168	3,246,821
<b>Utilities</b>				
50500	Utilities	460,065	250,375	710,440
<b>Insurance</b>				
50603	Liability insurance	432,756	235,514	668,270
50699	Other insurance		0	0
<b>Taxes and fees</b>				
50700	Taxes and fees	3,143	1,710	4,853
<b>Purchased transportation services</b>				
50800	Purchased transportation services		7,102,013	7,102,013
<b>Miscellaneous expenses</b>				
50902	Travel, meetings & training	72,662	39,544	112,206
50903	Association dues & subscriptions	99,281	54,030	153,311
50909	Loss on disposal of assets	556,197	0	556,197
50999	Other miscellaneous expense	148	80	228
<b>Interest on short term debt</b>				
51102	Interest on short term debt		792	792
<b>Operating leases &amp; rentals</b>				
51200	Operating leases & rentals	29,448	16,026	45,474
<b>Depreciation</b>				
51300	Depreciation	4,584,006	2,494,696	7,078,702
<b>Total Expenses</b>		<u>40,951,016</u>	<u>19,787,985</u>	<u>60,739,001</u>
<b>Ineligible Expenses</b>				
55004	Other ineligible state contracts (Specialized services)		34,579	34,579
55006	Other ineligible interest expense	792	0	792
55007	Ineligible depreciation	4,584,006	2,492,027	7,076,033
55008	Other ineligible	126,349	0	126,349
55009	Ineligible percent of association dues	5,980	3,254	9,234
55010	Ineligible expense associated with other revenue	98,457	0	98,457
55011	Ineligible preventative maintenance	712,335	387,665	1,100,000
56004	Ineligible expenses associated w/rentals	77,793	0	77,793
57604	Other ineligible operating expense paid by capital contract	850,052	0	850,052
58009	Loss on disposal of assets	556,197	0	556,197
58020	Ineligible DB Pension	(2,150,891)	(545,588)	(2,696,479)
58050	Ineligible DB OPEB	6,418,386	1,628,067	8,046,453
58099	Other ineligible benefits	351,528	89,167	440,695
<b>Total Ineligible Expenses</b>		<u>11,630,984</u>	<u>4,089,171</u>	<u>15,720,155</u>
<b>Total Eligible Expenses</b>		<u>\$ 29,320,032</u>	<u>\$ 15,698,814</u>	<u>\$ 45,018,846</u>

6. Urban Regular Service Nonfinancial Report (Unaudited)

Year Ended September 30, 2021

Code	Description	Weekday		Saturday		Sunday		Total
		LH	DR	LH	DR	LH	DR	
610	Vehicles hours	218,864	170,177	26,514	15,645	15,190	9,589	<b>455,979</b>
611	Vehicle miles	2,865,455	1,926,491	352,532	182,211	201,565	103,980	<b>5,632,234</b>

Miscellaneous Information

Description	LH	DR	Total
Vehicle Revenue Miles	3,210,854	1,747,403	<b>4,958,257</b>
Non-Revenue (Service) Vehicle Miles			<b>365,725</b>
Gallons Fuel - LPG	-	0	<b>0</b>
Gallons Fuel - Diesel	657,241	127,166	<b>784,407</b>
Concession Square Footage	260		
Total CTC Building Square Footage	14,000		

**Capital Area Transportation Authority**

**Other Supplemental Information**

**7. Nonurban County Regular Service Revenue Report**

**Year Ended September 30, 2021**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	<b>Fare Revenue</b>	
40100	Passenger fares	\$ 25,833
	<b>Package Delivery/Meal Delivery Programs</b>	
40400	Package delivery/meal delivery programs	3,075
	<b>Local Service Contract</b>	
40950	Local service contract/local source	1,224,736
	<b>State Revenue</b>	
41101	State operating assistance	742,696
41101	State operating assistance - Prior Year	113,750
	<b>Federal Revenue</b>	
41301	Section 5311 Operating	230,546
41360	Section 5311 CARES Act Operating - Flex	232,056
41361	Section 5311 CARES Act Operating	481,777
<b>Total Revenue</b>		<b>\$ 3,054,469</b>

**Other Supplemental Information**

**8. Nonurban County Regular Service Expense Report**

**Year Ended September 30, 2021**

Code	Description	Total
<b>Labor:</b>		
50101	Operator salaries & wages	\$ 217,169
50102	Other salaries & wages	213,960
<b>Fringe Benefits</b>		
50200	Other fringe benefits	208,597
50220	Defined Benefit Pension	(25,514)
50250	Other post retirement benefits	232,876
<b>Services</b>		
50302	Advertising	16,151
50305	Audit costs	3,172
50399	Other	127,404
<b>Materials and supplies</b>		
50401	Fuel and Lubricants	30,060
50402	Tires and tubes	759
50499	Other materials and supplies	69,530
<b>Utilities</b>		
50500	Utilities	29,477
<b>Insurance</b>		
50603	Liability insurance	27,727
50699	Other insurance	0
<b>Taxes and fees</b>		
50700	Taxes and fees	201
<b>Purchased transportation services</b>		
50800	Purchased transportation services	1,041,409
<b>Miscellaneous expenses</b>		
50902	Travel, meetings & training	4,656
50903	Association dues & subscriptions	6,361
50999	Other miscellaneous expense	(14)
<b>Operating leases &amp; rentals</b>		
51200	Operating leases & rentals	1,887

**Capital Area Transportation Authority**

**Other Supplemental Information**

**8. Nonurban County Regular Service Expense Report**

**Year Ended September 30, 2021**

<u>Code</u>	<u>Description</u>	<u>Total</u>
	<b>Depreciation</b>	
51300	Depreciation	293,701
<b>Total Expenses</b>		<u>2,499,569</u>
<b>Ineligible Expenses</b>		
55006	Other ineligible interest expense	0
55007	Ineligible depreciation	293,590
55008	Other ineligible expenses	88,982
55009	Ineligible percent of association dues	383
58020	Ineligible DB Pension	(64,232)
58050	Ineligible DB OPEB	191,673
58099	Other ineligible benefits	10,498
<b>Total Ineligible Expenses</b>		<u>520,894</u>
<b>Total Eligible Expenses</b>		<u><u>\$ 1,978,675</u></u>

9. Nonurban County Regular Service Nonfinancial Report (Unaudited)

Year Ended September 30, 2021

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicles hours	17,067	581	-	17,648
611	Vehicle miles	311,728	12,888	-	324,616

Miscellaneous Information

Description	Total
Vehicle Revenue Miles	205,722
Gallons Fuel - Gasoline	127,166

Other Supplemental Information

10. Specialized Services Nonfinancial Report (Unaudited)

Year Ended September 30, 2021

<u>Code</u>	<u>Description</u>	<u>Weekday</u>
610	Vehicles hours	1,932
611	Vehicle miles	14,907

Miscellaneous Information

<u>Description</u>	<u>Total</u>
Vehicle Revenue Miles	11,845
Gallons Fuel - Diesel	3,271

Other Supplemental Information  
11. Operating Assistance Calculation

Year Ended September 30, 2021

	Urban	Nonurban
Total Expenses	\$ 60,739,001	\$ 2,499,569
Less: Ineligible expenses		
Ineligible depreciation	7,076,033	293,590
Ineligible state contracts	34,579	-
Ineligible interest expense	792	-
Other ineligible	126,349	88,982
Ineligible percent of association dues	9,234	383
Ineligible expense associated with other revenue	98,457	-
Ineligible preventative maintenance	1,100,000	-
Ineligible expenses associated w/rentals	77,793	-
Other ineligible operating expenses paid by capital contract	850,052	-
Loss on disposal of assets	556,197	-
Ineligible DB Pension	(2,696,479)	(64,232)
Ineligible DB OPEB	8,046,453	191,673
Other ineligible benefits	440,695	10,498
Total Ineligible Expenses Per R&E Manual	15,720,155	520,894
<b>Total State Eligible Expenses</b>	<b>\$ 45,018,846</b>	<b>\$ 1,978,675</b>

Eligible Expenses for State Reimbursement	\$ 45,018,846	\$ 1,978,675
x Reimbursement Percentage (Budgeted)	31.60010%	37.53500%
State Operating Assistance	<u>\$ 14,226,000</u>	<u>\$ 742,696</u>

**Total Federal Eligible Expenses**

Eligible Expenses for Federal Reimbursement	\$ 1,978,675
x Reimbursement Percentage (per Project Authorization)	<u>36.00%</u>
State Operating Assistance	<u>\$ 712,323</u>