
Capital Area Transportation Authority

Lansing, Michigan

Financial Report
with Supplemental Information
September 30, 2020

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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, 2020 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, 2020 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 12, 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 12, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The 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 March 5, 2021 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Capital Area Transportation Authority's internal control over financial reporting and compliance.



March 5, 2021

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, 2020. 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, 2020 (the Authority's 2020 fiscal year end), the Authority's net position stood at \$23,671,681, as compared to a net position of \$40,408,801 at fiscal year end 2019. 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 significant decrease in net position during fiscal year 2020 can be mainly attributed to a reduction in capital grant funds received by the Authority from the Federal Transit Administration (FTA) and the Michigan Department of Transportation (MDOT), a reduction in farebox and contractual revenue due to the COVID-19 pandemic, and a significant increase in the Authority's estimated net OPEB liability.

The Authority's current ratio at September 30, 2020 stood at 4.70, as compared with 5.69 at fiscal year end 2019. 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, 2020, the Authority had cash and investments totaling \$21,911,065, while cash and investments stood at \$15,274,668 at fiscal year end 2019. As noted above, the Authority purchased numerous new buses during fiscal year 2019. 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 2020, the Authority was due \$7 million from those two agencies.

The Authority's year-end leverage ratio at September 30, 2020 stood at 3.69, as compared with 1.36 at fiscal year end 2019. 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, 2020 amounted to \$49,293,355, while operating expenses amounted to \$65,963,288. Nonoperating expenses for the fiscal year ended September 30, 2020 totaled \$67,187. This resulted in a decrease in net position of \$16,737,120 for the fiscal year ended September 30, 2020.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to 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.

Capital Area Transportation Authority

Management's Discussion and Analysis (Continued)

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

The net position of the proprietary fund is reported in the statement of net position. Net position, the difference between the Authority's assets plus deferred outflows 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, 2020, the Authority's union and administrative pension plans had fiduciary net positions as a percentage of total pension liabilities of 102 percent and 96 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 12 percent.

The Authority's Net Position

The Authority's total net position at September 30, 2020 was \$23.67 million, a decrease from 2019. The change is largely attributable to the additional capital grants in 2019. 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			
	2019	2020	Change	Percent Change
Assets				
Current and other assets	\$ 37,963,474	\$ 33,464,944	\$ (4,498,530)	(11.8)
Capital assets	53,443,793	49,269,072	(4,174,721)	(7.8)
Total assets	91,407,267	82,734,016	(8,673,251)	(9.5)
Deferred Outflows of Resources	5,108,512	34,290,283	29,181,771	571.2
Liabilities				
Current liabilities	6,674,721	6,900,447	225,726	3.4
Noncurrent liabilities	48,313,076	80,562,975	32,249,899	66.8
Total liabilities	54,987,797	87,463,422	32,475,625	59.1
Deferred Inflows of Resources	1,119,181	5,889,196	4,770,015	426.2
Net Position				
Net investment in capital assets	53,443,793	49,269,072	(4,174,721)	(7.8)
Restricted - Capital purchases	113,045	73,864	(39,181)	-
Unrestricted	(13,148,037)	(25,671,255)	(12,523,218)	95.2
Total net position	\$ 40,408,801	\$ 23,671,681	\$ (16,737,120)	(41.4)

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 2019 to 2020:

	Business-type Activities			
	2019	2020	Change	Percent Change
Revenue				
Operating revenue	\$ 14,362,822	\$ 9,511,372	\$ (4,851,450)	(33.8)
Nonoperating revenue - Net of expenses	37,612,276	37,058,861	(553,415)	(1.5)
Total revenue	51,975,098	46,570,233	(5,404,865)	(10.4)
Expenses				
Operating expense before depreciation	56,095,569	59,178,901	3,083,332	5.5
Depreciation expense	6,232,964	6,784,387	551,423	8.8
Total expenses	62,328,533	65,963,288	3,634,755	5.8
Capital contributions	14,291,000	2,655,935	(11,635,065)	(81.4)
Change in Net Position	3,937,565	(16,737,120)	(20,674,685)	(525.1)
Net Position - Beginning of year	36,471,236	40,408,801	3,937,565	10.8
Net Position - End of year	\$ 40,408,801	\$ 23,671,681	\$ (16,737,120)	(41.4)

Capital Assets and Debt Administration

The Authority continues to invest in capital assets, including vehicles, infrastructure, and equipment. At September 30, 2020 and 2019, the Authority had \$49 million and \$53 million, respectively, invested in capital assets. During fiscal year 2020, the Authority made capital additions of \$3.3 million, of which \$2.5 million consisted of revenue-producing vehicles.

Detailed information concerning capital assets can be found in Note 4 in the notes 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 2021. The Authority has been awarded grant funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act of approximately \$18.3 million and has been awarded an additional \$16.2 million in grant funding through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). 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, 2020

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 4,133,239
Investments (Note 3)	17,777,826
Receivables:	
Accrued interest receivable	93,512
Local contributions and contract revenue receivable	239,304
Due from other governments	1,144,246
Due from federal government	3,385,827
Due from state government	3,344,830
Inventories	1,448,972
Prepaid expenses	854,145

Total current assets 32,421,901

Noncurrent assets:

Net pension asset (Note 6)	1,043,043
Capital assets: (Note 4)	
Assets not subject to depreciation	3,044,075
Assets subject to depreciation - Net	46,224,997

Total noncurrent assets 50,312,115

Total assets 82,734,016

Deferred Outflows of Resources

Deferred outflows related to pensions (Note 6)	3,527,714
Deferred OPEB costs (Note 7)	30,762,569

Total deferred outflows of resources 34,290,283

Liabilities

Current liabilities:

Accounts payable	1,905,347
Accrued liabilities and other	2,976,493
Unearned revenue	29,790
Accrued vacation, incentive, and sick pay	1,177,741
Reserve for workers' compensation claims (Note 5)	259,076
Reserve for health insurance costs (Note 5)	552,000

Total current liabilities 6,900,447

Noncurrent liabilities:

Net pension liability (Note 6)	713,551
Net OPEB liability (Note 7)	79,849,424

Total noncurrent liabilities 80,562,975

Total liabilities 87,463,422

Deferred Inflows of Resources

Deferred pension cost reductions (Note 6)	5,288,785
Deferred OPEB cost reductions (Note 7)	600,411

Total deferred inflows of resources 5,889,196

Net Position

Net investment in capital assets	49,269,072
Restricted - Capital purchases	73,864
Unrestricted	(25,671,255)

Total net position \$ 23,671,681

Capital Area Transportation Authority

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2020

Operating Revenue	
Linehaul	\$ 1,528,007
Contract services	6,955,277
Paratransit	518,538
Rural service	30,263
Senior shopping bus	4,453
Other revenue	474,834
	<hr/>
Total operating revenue	9,511,372
Operating Expenses	
Labor and fringe benefits	39,398,086
Services	3,499,301
Advertising	321,436
Materials, fuel, and supplies	3,789,745
Grant-funded supplies	608,873
Utilities	724,030
Insurance and self-insured costs	1,473,813
Purchased transportation services	8,941,371
Miscellaneous	370,607
Lease and rentals	51,639
Depreciation	6,784,387
	<hr/>
Total operating expenses	65,963,288
Operating Loss	(56,451,916)
Nonoperating Revenue (Expense)	
Investment income - Net	438,576
Property tax revenue	17,705,570
Government operating grants - Federal	2,091,976
Government operating grants - State	16,782,778
Gain on sale of assets	107,148
Loss on sale of assets	(65,003)
Interest on operating lease	(2,184)
	<hr/>
Total nonoperating revenue	37,058,861
Loss - Before capital grants	(19,393,055)
Capital Grants	2,655,935
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Change in Net Position	(16,737,120)
Net Position - Beginning of year	40,408,801
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Net Position - End of year	\$ 23,671,681

Capital Area Transportation Authority

Statement of Cash Flows

Year Ended September 30, 2020

Cash Flows from Operating Activities

Receipts from operations	\$ 11,228,980
Payments to suppliers	(10,616,102)
Payments to employees and fringes	(32,537,241)
Other receipts	622,482
Payments for purchased transportation	<u>(8,941,371)</u>

Net cash and cash equivalents used in operating activities (40,243,252)

Cash Flows from Noncapital Financing Activities

Federal operating grants	2,397,674
State of Michigan grants	18,765,228
Local nonoperating receipts	<u>17,453,244</u>

Net cash and cash equivalents provided by noncapital financing activities 38,616,146

Cash Flows from Capital and Related Financing Activities

Receipt of capital grants	11,037,437
Proceeds from sale of capital assets	107,148
Purchase of capital assets	<u>(3,303,630)</u>

Net cash and cash equivalents provided by capital and related financing activities 7,840,955

Cash Flows from Investing Activities

Investment income	422,548
Purchases of investment securities	<u>(2,557,400)</u>

Net cash and cash equivalents used in investing activities (2,134,852)

Net Increase in Cash and Cash Equivalents

4,078,997

Cash and Cash Equivalents - Beginning of year

54,242

Cash and Cash Equivalents - End of year

\$ 4,133,239

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (56,451,916)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,784,387
Changes in assets and liabilities:	
Receivables	2,340,211
Inventories	26,688
Prepaid and other assets	(126,749)
Accrued vacation, incentive, and sick pay	(3,467,591)
Accounts payable	325,363
Net pension and OPEB liabilities and related deferrals	<u>10,326,355</u>

Total adjustments 16,208,664

Net cash and cash equivalents used in operating activities \$ (40,243,252)

Capital Area Transportation Authority

Statement of Fiduciary Net Position

	Pension Plans December 31, 2019	Retiree OPEB Trust September 30, 2020	Total Fiduciary Funds
Assets			
Investments: (Note 3)			
Mutual funds	\$ -	\$ 11,118,899	\$ 11,118,899
Group annuity contracts	61,709,793	-	61,709,793
Total assets	61,709,793	11,118,899	72,828,692
Liabilities	-	-	-
Net Position - Restricted for pension and other employee benefits	<u>\$ 61,709,793</u>	<u>\$ 11,118,899</u>	<u>\$ 72,828,692</u>

Capital Area Transportation Authority

Statement of Changes in Fiduciary Net Position

	Pension Plans Year Ended December 31, 2019	Retiree OPEB Trust Year Ended September 30, 2020	Total Fiduciary Funds
Additions			
Investment income:			
Interest and dividends	\$ 757,720	\$ 206,350	\$ 964,070
Change in fair value of investments	8,675,759	948,524	9,624,283
Net investment income	9,433,479	1,154,874	10,588,353
Contributions:			
Employer contributions	1,684,996	2,344,240	4,029,236
Member contributions	1,207,364	43,679	1,251,043
Total contributions	2,892,360	2,387,919	5,280,279
Total additions	12,325,839	3,542,793	15,868,632
Deductions			
Benefit payments	2,749,861	1,703,794	4,453,655
Administrative expenses	77,256	-	77,256
Total deductions	2,827,117	1,703,794	4,530,911
Net Increase in Net Position	9,498,722	1,838,999	11,337,721
Net Position Restricted for Pension and Other Employee Benefits - Beginning of year	52,211,071	9,279,900	61,490,971
Net Position Restricted for Pension and Other Employee Benefits - End of year	\$ 61,709,793	\$ 11,118,899	\$ 72,828,692

September 30, 2020

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, 2020 financial statements of the Authority include certain pension plan data as of December 31, 2019.

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 our Authority's programs. The Authority reports pension and OPEB trust funds that account for the activities of the Union and Administrative employees' pension 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.

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.

Note 1 - Significant Accounting Policies (Continued)

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:

	Depreciable Life - Years
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.

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.

Note 1 - Significant Accounting Policies (Continued)

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' pension 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.

Accrued Vacation, Incentive, and Sick Pay

It is the Authority's policy to not 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.

September 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Accrued Severance Pay

The Authority has recorded a liability for estimated benefits due to employees who had salaried and/or administrative status on May 1, 1990 and are expected to retire at age 55 or older with at least 10 years of continuous service. Employees meeting these requirements are entitled to 90 days of pay. 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 January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Authority's financial statements for the year ended September 30, 2020 but were extended to September 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

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 ending 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, 2020

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.

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.

In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Authority's financial statements for the year ending September 30, 2022.

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, 2020.

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, 2017. The resulting increase in revenue has been finalized with the State but not paid back by the State as of September 30, 2020. Furthermore, the Authority awaits the final determination for the years ended September 30, 2018, 2019, and 2020 (open years). The Authority has recorded an estimated aggregate receivable of approximately \$2,600,000 as of September 30, 2020 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	\$ 4,133,239	\$ -	\$ 4,133,239
Investments	17,777,826	72,828,692	90,606,518
Total deposits and investments	<u>\$ 21,911,065</u>	<u>\$ 72,828,692</u>	<u>\$ 94,739,757</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 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 \$2,520,101 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.

September 30, 2020

Note 3 - Deposits and Investments (Continued)

At year end, the Authority had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary Government		
U.S. Treasury securities	\$ 1,765,665	2.26
U.S. government agency securities	<u>16,012,161</u>	1.59
Total	<u>\$ 17,777,826</u>	
Investment	Carrying Value	Weighted- average Maturity (Years)
Fiduciary Funds		
Group annuity contracts	\$ 61,709,793	N/A
Mutual funds	<u>11,118,899</u>	8.22
Total	<u>\$ 72,828,692</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
Primary Government			
U.S. Treasury securities	\$ 1,765,665	AA+	S&P
U.S. government agency securities	<u>16,012,161</u>	AA+	S&P
Total	<u>\$ 17,777,826</u>		
Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
Group annuity contracts	\$ 61,709,793	N/A	N/A
Mutual funds	<u>11,118,899</u>	3 stars	Morningstar
Total	<u>\$ 72,828,692</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.

September 30, 2020

Note 3 - Deposits and Investments (Continued)

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

The Authority has the following recurring fair value measurements as of September 30, 2020:

	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, 2020
Assets				
Trading securities:				
Debt securities - U.S. government agency securities	\$ -	\$ 16,012,161	\$ -	\$ 16,012,161
Debt securities - U.S. Treasury securities	-	1,765,665	-	1,765,665
Mutual funds - Fixed income	4,206,185	-	-	4,206,185
Mutual funds - Equities	6,912,714	-	-	6,912,714
Group annuity contracts measured at net asset value				61,709,793
Total assets	\$ 11,118,899	\$ 17,777,826	\$ -	\$ 90,606,518

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, 2020 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, 2020, 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	\$ 61,709,793	\$ -	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, 2020

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Reclassifications and Adjustments	Additions	Disposals	Balance September 30, 2020
Capital assets not being depreciated:					
Land	\$ 2,442,267	\$ -	\$ -	\$ -	\$ 2,442,267
Construction in progress	424,448	(21,760)	199,120	-	601,808
Subtotal	2,866,715	(21,760)	199,120	-	3,044,075
Capital assets being depreciated:					
Buildings	40,771,425	-	60,121	(4,899)	40,826,647
Vehicles	73,811,267	21,760	2,484,071	(9,030,906)	67,286,192
Furniture, fixtures, and computers	8,631,153	-	329,356	(447,895)	8,512,614
Bus shelters and signs	1,052,070	-	107,524	(50,182)	1,109,412
Equipment	2,116,168	-	123,438	-	2,239,606
Subtotal	126,382,083	21,760	3,104,510	(9,533,882)	119,974,471
Accumulated depreciation:					
Buildings	21,234,264	-	1,286,152	-	22,520,416
Vehicles	45,640,641	-	4,871,797	(8,839,918)	41,672,520
Furniture, fixtures, and computers	7,344,232	-	379,139	-	7,723,371
Bus shelters and signs	497,911	-	67,153	-	565,064
Equipment	1,087,957	-	180,146	-	1,268,103
Subtotal	75,805,005	-	6,784,387	(8,839,918)	73,749,474
Net capital assets being depreciated	50,577,078	21,760	(3,679,877)	(693,964)	46,224,997
Net business-type activities capital assets	\$ 53,443,793	\$ -	\$ (3,480,757)	\$ (693,964)	\$ 49,269,072

Depreciation expense recognized in fiscal year 2020 is \$6,784,387.

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.

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	
	2020	2019	2020	2019
Estimated liability - Beginning of year	\$ 77,146	\$ 534,577	\$ 400,000	\$ 332,000
Estimated claims incurred, including changes in estimates	428,301	(376,404)	1,482,239	988,912
Claim payments	(246,371)	(81,027)	(1,330,239)	(920,912)
Estimated liability - End of year	<u>\$ 259,076</u>	<u>\$ 77,146</u>	<u>\$ 552,000</u>	<u>\$ 400,000</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' Pension Plan and the Administrative Employees' Pension Plan, single-employer 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' Pension Plan and Administrative Employees' Pension 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' Pension Plan	Administrative Employees' Pension Plan
Date of member count	December 31, 2019	December 31, 2019
Inactive plan members or beneficiaries currently receiving benefits	141	38
Inactive plan members entitled to but not yet receiving benefits	47	43
Active plan members	<u>230</u>	<u>46</u>
Total employees covered by the plan	<u>418</u>	<u>127</u>

September 30, 2020

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 are required to make pension contributions of \$83.50 per week to the Union Employees' Pension Plan and 7 percent of compensation paid per month to the Administrative Employees' Pension 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' Pension Plan. For the year ended September 30, 2020, the Authority's average contribution rate was 8 percent and 23 percent of annual payroll for the Union Employees' Pension Plan and Administrative Employees' Pension 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' Pension Plan	Administrative Employees' Pension Plan
Measurement date used for the Authority's net pension liability	December 31, 2019	December 31, 2019

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

Union Employees' Pension Plan

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at January 1, 2019	\$ 37,435,285	\$ 36,366,392	\$ 1,068,893
Changes for the year:			
Service cost	884,008	-	884,008
Interest	2,278,649	-	2,278,649
Differences between expected and actual experience	265,057	-	265,057
Changes in assumptions	790,739	-	790,739
Contributions - Employer	-	984,996	(984,996)
Contributions - Employee	-	984,997	(984,997)
Net investment income	-	6,011,788	(6,011,788)
Benefit payments, including refunds	(1,777,201)	(1,777,201)	-
Administrative expenses	-	(52,972)	52,972
Miscellaneous other charges	1,598,420	-	1,598,420
Net changes	4,039,672	6,151,608	(2,111,936)
Balance at December 31, 2019	\$ 41,474,957	\$ 42,518,000	\$ (1,043,043)

The Union Employees' Pension Plan's fiduciary net position represents 102.5 percent of the total pension liability.

September 30, 2020

Note 6 - Pension Plans (Continued)

Administrative Employees' Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2019	\$ 18,840,267	\$ 15,844,679	\$ 2,995,588
Changes for the year:			
Service cost	567,036	-	567,036
Interest	1,135,258	-	1,135,258
Changes in benefits	205,693	-	205,693
Differences between expected and actual experience	(269,239)	-	(269,239)
Changes in assumptions	398,989	-	398,989
Contributions - Employer	-	700,000	(700,000)
Contributions - Employee	-	222,367	(222,367)
Net investment income	-	3,421,691	(3,421,691)
Benefit payments, including refunds	(972,660)	(972,660)	-
Administrative expenses	-	(24,284)	24,284
Net changes	1,065,077	3,347,114	(2,282,037)
Balance at December 31, 2019	\$ 19,905,344	\$ 19,191,793	\$ 713,551

The Administrative Employees' Pension Plan's fiduciary net position represents 96.4 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, 2020, the Authority recognized combined pension expense of \$2,342,765 from both plans.

At September 30, 2020, 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	\$ 975,699	\$ (699,127)
Changes in assumptions	1,482,759	-
Net difference between projected and actual earnings on pension plan investments	-	(4,589,658)
Employer contributions to the plan subsequent to the measurement date	1,069,256	-
Total	\$ 3,527,714	\$ (5,288,785)

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
2021	\$ (739,158)
2022	(716,805)
2023	(117,153)
2024	(1,257,211)
Total	<u>\$ (2,830,327)</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' Pension Plan	Administrative Employees' Pension Plan
Inflation	2.00%	2.00%
Salary increases (including inflation)	2.00%	4.00%
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-2018 improvement scale	Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables for annuitants and nonannuitants, Public General employment, sex distinct, MP-2018 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.

Note 6 - Pension Plans (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2019 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Union Employees' Pension Plan

Asset Class	Union Employees' Pension Plan		Administrative Employees' Pension 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 %	6.00 %	60.00 %	6.00 %
General Investment Fund	45.00	1.50	40.00	1.50

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the Authority, calculated using the discount rate of 6.00 percent, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net pension liability (asset) of the Union Employees' Pension Plan	\$ 3,930,160	\$ (1,043,043)	\$ (5,076,117)
Net pension liability (asset) of the Administrative Employees' Pension Plan	3,069,367	713,551	(1,249,657)

Assumption Changes

With the most recent actuarial valuations, the mortality assumptions were updated to the Society of Actuaries Pub-2010 Retirement Plans Mortality Tables with MP-2018 improvement scale from the RP-2014 Mortality Tables with MP-2018 improvement scale.

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, 2020:

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

Note 6 - Pension Plans (Continued)

Rate of Return

For the year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.23 percent for the union plan and 20.01 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.

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, 2020 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, 2020 measurement date.

September 30, 2020

Note 7 - Other Postemployment Benefit Plan (Continued)

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
Balance at October 1, 2019	\$ 53,528,495	\$ 9,279,900	\$ 44,248,595
Changes for the year:			
Service cost	1,934,910	-	1,934,910
Interest	2,136,164	-	2,136,164
Differences between expected and actual experience	14,139,217	-	14,139,217
Changes in assumptions	20,889,644	-	20,889,644
Contributions - Employer	-	2,344,240	(2,344,240)
Contributions - Employee	-	43,679	(43,679)
Net investment income	-	1,154,874	(1,154,874)
Benefit payments, including refunds	(1,660,107)	(1,660,107)	-
Miscellaneous other charges	-	(43,687)	43,687
Net changes	37,439,828	1,838,999	35,600,829
Balance at September 30, 2020	<u>\$ 90,968,323</u>	<u>\$ 11,118,899</u>	<u>\$ 79,849,424</u>

The Plan's fiduciary net position represents 12.2 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, 2020, the Authority recognized OPEB expense of \$8,481,732.

At September 30, 2020, 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	\$ 12,285,102	\$ (50,948)
Changes in assumptions	18,477,467	(98,219)
Net difference between projected and actual earnings on OPEB plan investments	-	(451,244)
Total	<u>\$ 30,762,569</u>	<u>\$ (600,411)</u>

September 30, 2020

Note 7 - Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (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
2021	\$ 5,081,118
2022	5,081,118
2023	5,151,302
2024	4,912,070
2025	5,018,460
Thereafter	<u>4,918,090</u>
Total	<u>\$ 30,162,158</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 8.25 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 2.35 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the Plan's net position was not projected to be sufficient to make projected future benefit payments of current plan members beyond 2031. 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, 2020 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	6.50 %
Bond and corporate index fund	2.75

September 30, 2020

Note 7 - Other Postemployment Benefit Plan (Continued)

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 2.35 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 (1.35%)	Current Discount Rate (2.35%)	1 Percentage Point Increase (3.35%)
Net OPEB liability of the Plan	\$ 96,655,294	\$ 79,849,424	\$ 66,614,668

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 8.25 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 (7.25%)	Current Health Care Cost Trend Rate (8.25%)	1 Percentage Point (9.25%)
Net OPEB liability of the Plan	\$ 64,432,852	\$ 79,849,424	\$ 99,915,995

Assumption Changes

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

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, 2020:

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, 2020, the Plan held approximately 100 percent of its investment portfolio in three Vanguard mutual funds.

Rate of Return

For the year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 12.23 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

September 30, 2020

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, 2020 was \$118,957.

The Authority also had commitments of approximately \$8,100,000 for the purchase of 15 large buses as of September 30, 2020.

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, 2020 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).

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 \$6,779,689 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 \$96,866 as building rental, \$162,689 as parking lot rental, and \$208,140 in other nontransportation revenue. Expenses of \$174,885 associated with building rental are shown as ineligible under PTMS code 56004. Expense of \$104,984 associated with other nontransportation revenue is shown as ineligible under PTMS code 55010.

Other expenses in the amount of \$313,451 are reported as ineligible under PTMS code 55008. This includes \$3,892 in Meals on Wheels revenue that was reported in revenue code 40400 and other ineligible items, such as gifts and donations. Ineligible interest of \$2,822 was reported under PTMS code 55006.

September 30, 2020

Note 11 - Eligible and Ineligible Costs (Continued)

A portion of ineligible association dues in the amount of \$10,038 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 \$1,000,000 (PTMS code 55011) and operating expenses paid by capital contract of \$608,872 (PTMS code 57604).

Loss on disposal of assets in the amount of \$65,003 was included in expenses and shown as ineligible under PTMS code 58009.

The Authority expensed \$2,339,547 in pension expense, of which \$660,564 has been shown as ineligible under PTMS code 58020 - Ineligible DB Pension. The amount of \$1,678,983 was paid into the pension trust in fiscal year 2020 by the Authority.

The Authority expensed \$7,765,976 in other postemployment benefits, of which \$6,134,536 has been shown as ineligible expense under PTMS code 58020 - Ineligible DB OPEB. An amount of \$684,132 was paid to the OPEB trust in fiscal year 2020. An additional \$1,174,656 was also paid in retirement health care expenses in fiscal year 2020 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 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.

On March 18, 2020, the Authority temporarily halted its bus service as a result of decreased ridership due to the pandemic and shelter-in-place orders. In June 2020, the Authority reinstated bus service to approximately 60 percent of normal operations.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted and signed into law. The CARES Act included provisions for grant funding to state and local governments. The Authority was allocated approximately \$18,300,000 of additional grant funding from the CARES Act. For fiscal year 2020, the Authority did not expend any moneys from the CARES Act funding received.

Subsequent to year end, in December 2020, the Authority was awarded approximately \$16,200,000 from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Management is currently evaluating strategies for utilizing these funds for fiscal year 2021 and beyond.

Required Supplemental Information

Capital Area Transportation Authority

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

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

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

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 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 Changes in the Net Pension Liability and Related Ratios Administrative Employees' Retirement Plan

	Last Six Fiscal Years					
	Measurement Date is December 31 of the Previous Year					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 567,036	\$ 559,994	\$ 441,360	\$ 505,572	\$ 414,794	\$ 424,887
Interest	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	(269,239)	(1,115,225)	1,751,137	110,949	232,973	329,293
Changes in assumptions	398,989	445,745	25,631	23,815	432,360	-
Benefit payments, including refunds	(972,660)	(3,321,283)	(3,164,209)	(738,853)	(2,022,338)	(952,299)
Net Change in Total Pension Liability	1,065,077	(2,232,444)	235,696	1,094,219	194,882	867,092
Total Pension Liability - Beginning of year	18,840,267	21,072,711	20,837,015	19,742,796	19,547,914	18,680,822
Total Pension Liability - End of year	\$ 19,905,344	\$ 18,840,267	\$ 21,072,711	\$ 20,837,015	\$ 19,742,796	\$ 19,547,914
Plan Fiduciary Net Position						
Contributions - Employer	\$ 700,000	\$ 700,000	\$ 700,000	\$ 633,906	\$ 395,223	\$ 409,598
Contributions - Member	222,366	217,558	192,200	88,907	180,979	193,090
Net investment income (loss)	3,421,692	(317,632)	2,776,672	846,742	144,288	1,556,717
Administrative expenses	(24,284)	(25,389)	(29,531)	(51,063)	(42,357)	(35,930)
Benefit payments, including refunds	(972,660)	(3,321,283)	(3,164,209)	(738,853)	(2,022,338)	(952,299)
Other	-	-	-	(4,358)	-	-
Net Change in Plan Fiduciary Net Position	3,347,114	(2,746,746)	475,132	775,281	(1,344,205)	1,171,176
Plan Fiduciary Net Position - Beginning of year	15,844,679	18,591,425	18,116,293	17,341,012	18,685,217	17,514,041
Plan Fiduciary Net Position - End of year	\$ 19,191,793	\$ 15,844,679	\$ 18,591,425	\$ 18,116,293	\$ 17,341,012	\$ 18,685,217
Authority's Net Pension Liability - Ending	\$ 713,551	\$ 2,995,588	\$ 2,481,286	\$ 2,720,722	\$ 2,401,784	\$ 862,697
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.42 %	84.10 %	88.23 %	86.94 %	87.83 %	95.59 %
Covered Payroll	\$ 3,089,692	\$ 3,262,260	\$ 3,153,829	\$ 2,344,817	\$ 2,981,719	\$ 3,039,472
Authority's Net Pension Liability as a Percentage of Covered Payroll	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 Five Fiscal Years				
	Measurement Date is December 31 of the Previous Year				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Union Employees' Retirement Plan - Annual money-weighted rate of return - Net of investment expense	18.23 %	(0.78)%	12.52 %	7.38 %	2.07 %
Administrative Employees' Retirement Plan - Annual money-weighted rate of return - Net of investment expense	20.01 %	(2.00)%	16.57 %	8.07 %	0.80 %

Capital Area Transportation Authority

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

	Last Four Fiscal Years			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 1,934,910	\$ 2,022,770	\$ 1,781,196	\$ 1,738,555
Interest	2,136,164	2,021,059	1,377,737	1,299,584
Differences between expected and actual experience	14,139,217	(80,917)	341,423	75,294
Changes in assumptions	20,889,644	(155,995)	1,155,482	-
Benefit payments, including refunds	(1,660,107)	(1,229,414)	(947,617)	(1,185,270)
Net Change in Total OPEB Liability	37,439,828	2,577,503	3,708,221	1,928,163
Total OPEB Liability - Beginning of year	53,528,495	50,950,992	47,242,771	33,602,319
Total OPEB Liability - End of year	\$ 90,968,323	\$ 53,528,495	\$ 50,950,992	\$ 35,530,482
Plan Fiduciary Net Position				
Contributions - Employer	\$ 2,344,240	\$ 1,880,969	\$ 1,568,146	\$ 1,725,577
Contributions - Employee	43,679	-	50,673	50,673
Net investment income	1,154,874	470,085	841,383	794,781
Benefit payments, including refunds	(1,660,107)	(1,229,414)	(947,617)	(1,185,271)
Other	(43,687)	-	3,047	3,047
Net Change in Plan Fiduciary Net Position	1,838,999	1,121,640	1,515,632	1,388,807
Plan Fiduciary Net Position - Beginning of year	9,279,900	8,158,260	6,696,348	5,307,541
Plan Fiduciary Net Position - End of year	\$ 11,118,899	\$ 9,279,900	\$ 8,211,980	\$ 6,696,348
Net OPEB Liability - Ending	\$ 79,849,424	\$ 44,248,595	\$ 42,739,012	\$ 28,834,134
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	12.22 %	17.34 %	16.12 %	18.85 %
Covered-employee Payroll	\$ 22,057,485	\$ 21,304,311	\$ -	\$ -
Net OPEB Liability as a Percentage of Covered-employee Payroll	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, but, as a result, that amount does not equal the 2017 ending liability.

Assumption Changes

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 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	\$ 2,167,552
Contributions in relation to the actuarially determined contribution	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	1,644,702
Contribution Deficiency	<u>\$ (6,313,331)</u>	<u>\$ (5,796,470)</u>	<u>\$ (3,570,449)</u>	<u>\$ (2,980,347)</u>	<u>\$ (679,510)</u>	<u>\$ (1,546,157)</u>	<u>\$ (1,107,322)</u>	<u>\$ (1,247,257)</u>	<u>\$ (899,617)</u>	<u>\$ (522,850)</u>
Covered-employee Payroll	\$ 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, 2020 were determined based on the actuarial valuation as of September 30, 2019.

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 assets
Inflation	Not stated
Health care cost trend rates	8.25 percent, graded 0.25 percent per year to an ultimate rate of 4.5 percent
Salary increase	3.50 percent
Investment rate of return	7.0 percent (net of investment expense, including inflation)
Retirement age	60 years
Mortality	RPH 2014 Mortality Tables with the MP-2018 improvement scale

Capital Area Transportation Authority

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

**Last Three Fiscal Years
Years Ended September 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	12.23 %	5.65 %	11.35 %

Other Supplemental Information

Capital Area Transportation Authority

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

	Union Pension Plan December 31, 2019	Admin Pension Plan December 31, 2019	Retiree OPEB Trust September 30, 2020	Total Fiduciary Funds
Assets				
Investments:				
Mutual funds	\$ -	\$ -	\$ 11,118,899	\$ 11,118,899
Group annuity contracts	42,518,000	19,191,793	-	61,709,793
Total assets	42,518,000	19,191,793	11,118,899	72,828,692
Liabilities	-	-	-	-
Net Position - Restricted for pension and other employee benefits	<u>\$ 42,518,000</u>	<u>\$ 19,191,793</u>	<u>\$ 11,118,899</u>	<u>\$ 72,828,692</u>

Capital Area Transportation Authority

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

	Union Pension Plan Year Ended December 31, 2019	Admin Pension Plan Year Ended December 31, 2019	Retiree OPEB Trust Year Ended September 30, 2020	Total Fiduciary Funds
Additions				
Investment income:				
Interest and dividends	\$ 581,909	\$ 175,811	\$ 206,350	\$ 964,070
Change in fair value of investments	5,429,879	3,245,880	948,524	9,624,283
Net investment income	6,011,788	3,421,691	1,154,874	10,588,353
Contributions:				
Employer contributions	984,996	700,000	2,344,240	4,029,236
Member contributions	984,997	222,367	43,679	1,251,043
Total contributions	1,969,993	922,367	2,387,919	5,280,279
Total additions	7,981,781	4,344,058	3,542,793	15,868,632
Deductions				
Benefit payments	1,777,201	972,660	1,703,794	4,453,655
Administrative expenses	52,972	24,284	-	77,256
Total deductions	1,830,173	996,944	1,703,794	4,530,911
Net Increase in Net Position Held in Trust	6,151,608	3,347,114	1,838,999	11,337,721
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	36,366,392	15,844,679	9,279,900	61,490,971
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 42,518,000	\$ 19,191,793	\$ 11,118,899	\$ 72,828,692

Capital Area Transportation Authority

Other Supplemental Information 1. Schedule of Operating Revenues

Year Ended September 30, 2020

Local operating revenues:

40100	Linehaul - Farebox (Urban)	\$	1,528,008
40100	Paratransit - Farebox (Urban)		518,537
40100	Rural Services - Farebox		30,263
40100	Senior shopping bus - Fare Box		4,453
40400	Meals on Wheels		3,892
40720	Rental of Building		96,866
40725	Parking Lot		162,689
40760	Gain on Sale of Assets		107,148
40799	Other Miscellaneous Revenue		208,140
40950	Contract Services		6,958,402

Total local operating revenues

9,618,398

State of Michigan operating grants:

41101	Operating grant (Act 51) - Urban		14,777,827
41101	Operating grant (Act 51) - Urban - PY		800,064
41101	Operating grant (Act 51) - Rural		815,091
41101	Operating grant (Act 51) - Rural - PY		55,657
41101	Specialized Services		19,687
41111	Operating grant - Preventative Maintenance		200,000
41114	Other Capital Contract Reimburse for Operating Expenses		114,452

Total State of Michigan operating grants

16,782,778

Federal operating grants:

41301	Operating Grant - Rural - 5311		533,017
41301	Operating Grant - Rural - 5311 - PY		-
41311	Federal grant - Preventative Maintenance		800,000
41314	Other Capital Contract Reimburse for Operating Expenses		494,422
41361	Operating Grant - Rural - 5311 CARES Act		264,537

Total Federal operating grants

2,091,976

Local nonoperating revenues:

40800	Property tax		17,705,570
41400	Investment Income		438,576

Total Local nonoperating revenue

18,144,146

Total nonoperating revenue

37,018,900

Total Revenue

\$ 46,637,298

Other Supplemental Information
2. Schedule of Expenditures for Federal and State Awards

Year Ended September 30, 2020

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	20.507	MI-2017-014-04	2012-0055-P03D	275,237	68,809	344,046
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	281,543	70,386	351,929
Federal Transit - Formula Grants	20.507	MI-0095-X127	2012-0055-P28A	53,632	9,640	63,272
Federal Transit - Formula Grants	20.507	MI-0090-X647	2012-0055-P005	-	-	-
Federal Transit - Formula Grants	20.507	MI-0090-X672	2012-0055-P015	120,755	30,189	150,944
Federal Transit - Formula Grants	20.507	MI-0095-X105	2012-0055-P012	20,375	-	20,375
Federal Transit - Formula Grants	20.507	MI-0090-X805	2017-0027-P06D	859,951	214,988	1,074,939
Federal Transit - Formula Grants	20.507	MI-0090-X819	2019-0027-P11D	436,836	109,209	546,045
Federal Transit - Formula Grants	20.507	MI-0095-0007	2017-0027-P06A	-	-	-
Federal Transit - Formula Grants	20.507	MI-0090-X855	2019-0027-P013D	800,000	200,000	1,000,000
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	57,313	14,328	71,641
Bus and Bus Facilities Formula Program	20.526	MI-0034-0074	2019-0027-P11B	171,939	42,985	214,924
Bus and Bus Facilities Formula Program	20.526	MI-0034-0074	2019-0027-P11B	2,941	735	3,676
				-	-	-
Total Federal Transit Cluster				3,080,522	761,269	3,841,791
Transit Services Program Cluster:						
Formula Grants for Enhanced Mob of Sr & Ind. W Disab	20.513	MI-16-X010	2012-0055-P013	322,320	80,580	402,900
Formula Grants for Enhanced Mob of Sr & Ind. W Disab	20.513	MI-2017-014-02	2017-0027-P03B	-	-	-
Formula Grants for Enhanced Mob of Sr & Ind. W Disab	20.513	MI-34-0025	2012-0055-P28B	-	-	-
Formula Grants for Enhanced Mob of Sr & Ind. W Disab	20.513	MI-16-X026	2017-0027-P06C	-	-	-
Formula Grants for Enhanced Mob of Sr & Ind. W Disab	20.513	MI-16-X027	2019-0027-P11C	-	-	-
Job Access and Reverse Commute Program	20.516	MI-37-X049	2012-0055-P014	-	-	-
Job Access and Reverse Commute Program	20.516	MI-37-X046	2012-0055-P004	-	-	-
Total Transit Services Program Cluster				322,320	80,580	402,900
Formula Grants for Rural Areas						
Section 5311 Operating Formula Grant	20.509	MI-2017-0027-P12-R1		533,017	-	533,017
Section 5311 Operating Formula Grant - CARES Act	20.509	MI-2017-0027-P12-R1		264,537	-	264,537
				797,554	-	797,554
U.S. Department of Transportation - Pass-through programs from Michigan Department of Transportation (MDOT)						
Metropolitan Transportation Planning & State & Non-Metropolitan Planning & Research						
			2017-0027-P008	-	-	-
				-	-	-
Michigan Department of Transportation						
Operating Assistance - Act 51 (FY 19)						
Urban - Current Year	N/A		N/A		14,777,827	14,777,827
Urban - Prior Year	N/A		N/A		800,064	800,064
Nonurban - Current Year	N/A		N/A		815,091	815,091
Nonurban - Prior Year	N/A		N/A		55,657	55,657
				-	16,448,639	16,448,639
Specialized Services FY 20	N/A	N/A	2017-0027-P7	-	19,687	19,687
GAAP timing difference						
Section 5311 Operating Formula Grant - Prior Year	20.509	MI-2017-030-01		16,327	3,790	20,117
				-	-	-
Total				\$ 4,216,723	\$ 17,313,965	\$ 21,530,688

Description	MI-0095-X127	MI-90-X782	MI-2017-014D	MI-90-X672	MI-34-0074	MI-90-X805	MI-90-X819	MI-34-0057	MI-0095-X105	MI-0090-X855	FY 20 Specialized Services	General Operations Urban Large	General Operations Nonurban	Total
	2012-0055-P28A FY 16 S-5307	2012-0055-P28C FY 16 S-5307	2017-0027-P3D FY 17 S-5307	2012-0055-P15 FY 15 S-5307	2017-0027-P11B FY 19 S-5339b	2017-0027-P6C FY 18 S-5307	2017-0027-P11D FY 19 S-5307	2017-0027-P6B FY 18 S-5339	2012-0055-P012 FY 13 S-5307	2019-0027-P013D FY 20 S-5307				
Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,375	\$ -	\$ 18,257	\$ 19,554,740	\$ 453,373	\$ 20,046,745
Other fringe benefits											17,623	18,894,157	437,600	19,349,380
Purchased services:														
Advertising	31,444	0	0	0	0	0	0	0	0	0	575	275,131	14,286	321,435
Other	31,330	74,025	116,589	39,701	0	40,964	0	0	0	0	5,768	3,047,704	143,218	3,499,299
Materials & Supplies	1,666	19,588	40	0	1,736	11,268	6,433	579	0	1,000,000	3,764	3,426,098	93,467	4,564,639
Utilities											1,296	690,555	32,180	724,031
Casualty and liability costs											2,638	1,405,670	65,504	1,473,812
Purchased transportation												7,653,757	1,287,614	8,941,371
Miscellaneous expenses	0	3,712	104,376	9,330	3,676	87,998	4,045	0	0	0	370	48,861	9,179	271,547
Interest												2,184		2,184
Leases and rentals											92	49,252	2,295	51,639
Depreciation											12,143	6,470,711	301,535	6,784,389
Total	\$ 64,439	\$ 97,325	\$ 221,005	\$ 49,031	\$ 5,412	\$ 140,231	\$ 10,478	\$ 579	\$ 20,375	\$ 1,000,000	\$ 62,526	\$ 61,518,820	\$ 2,840,251	\$ 66,030,471

(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, 2020

Code	Description	Amount
Fare Revenue		
40100	Passenger fares	\$ 2,046,545
Nontransportation Revenue		
40720	Rental of buildings or other properties	96,866
40725	Parking Lot Revenue	64,040
40760	Gain from Sale of Capital Assets	107,148
40799	Other Non-Transportation Revenue	306,911
Local Revenue		
40800	Taxes levied directly for/by transit agency	17,705,570
Local Revenue		
40950	Local Service Contracts/Local Source	5,598,302
State Revenue		
41101	State operating assistance	15,577,891
41111	Preventative maintenance	200,000
41114	Other Capital Contract Reimburse for Operating Expenses	114,452
Federal Revenue		
41311	Preventative maintenance	800,000
41314	Other Capital Contract Reimburse for Operating Expenses	494,422
Other Revenue		
41400	Investment Income	438,576
Total Urban Regular Service Revenue		\$ 43,550,723

Year Ended September 30, 2020

Code	Description	Operations	Maintenance	Administration	Total
Labor:					
50101	Operator salaries & wages	\$ 12,975,954	\$ -	\$ -	\$ 12,975,954
50102	Other salaries & wages		1,949,024	4,650,137	6,599,161
Fringe Benefits					
50200	Other fringe benefits	5,983,415	898,726	2,144,240	9,026,381
50220	Defined Benefit Pension	1,514,346	227,470	542,690	2,284,506
50250	Other post retirement benefits	5,026,799	755,039	1,801,432	7,583,270
Services					
50302	Advertising			306,574	306,574
50305	Audit costs			68,004	68,004
50399	Other		276,959	3,005,350	3,282,309
Materials and supplies					
50401	Fuel and Lubricants		1,393,870	39,118	1,432,988
50402	Tires and tubes		115,875	1,329	117,204
50499	Other materials and supplies		1,075,965	1,841,251	2,917,216
Utilities					
50500	Utilities			690,555	690,555
Insurance					
50603	Liability insurance			90,688	90,688
50699	Other insurance			1,314,982	1,314,982
Taxes and fees					
50700	Taxes and fees			1,897	1,897
Purchased transportation services					
50800	Purchased transportation services	7,653,757			7,653,757
Miscellaneous expenses					
50902	Travel, meetings & training			55,794	55,794
50903	Association dues & subscriptions			139,084	139,084
50909	Loss on disposal of assets			65,002	65,002
50999	Other miscellaneous expense			221	221
Interest on short term debt					
51102	Interest on short term debt			2,184	2,184
Operating leases & rentals					
51200	Operating leases & rentals			49,252	49,252
Depreciation					
51300	Depreciation			6,470,711	6,470,711
Total Expenses		<u>33,154,271</u>	<u>6,692,928</u>	<u>23,280,495</u>	<u>63,127,694</u>
Ineligible Expenses					
55006	Other ineligible interest expense			2,184	2,184
55007	Ineligible depreciation			6,466,208	6,466,208
55008	Other ineligible			158,480	158,480
55009	Ineligible percent of association dues			9,594	9,594
55010	Ineligible expense associated with other revenue			104,984	104,984
55011	Ineligible preventative maintenance		1,000,000		1,000,000
56004	Ineligible expenses associated w/rentals			174,885	174,885
57604	Other ineligible operating expense paid by capital contract			608,872	608,872
58009	Loss on disposal of assets			65,002	65,002
58020	Ineligible DB Pension			636,715	636,715
58050	Ineligible DB OPEB			5,990,212	5,990,212
58099	Other ineligible benefits			216,762	216,762
Total Ineligible Expenses		<u>-</u>	<u>1,000,000</u>	<u>14,433,898</u>	<u>15,433,898</u>
Total Eligible Expenses		<u>\$ 33,154,271</u>	<u>\$ 5,692,928</u>	<u>\$ 8,846,597</u>	<u>\$ 47,693,796</u>

6. Urban Regular Service Nonfinancial Report (Unaudited)

Year Ended September 30, 2020

Code	Description	Weekday		Saturday		Sunday		Total
		LH	DR	LH	DR	LH	DR	
610	Vehicles hours	210,435	187,115	21,434	15,840	13,891	11,143	459,858
611	Vehicle miles	2,686,343	2,269,023	290,840	196,420	182,821	131,456	5,756,903

Miscellaneous Information

Description	LH	DR	Total
Vehicle Revenue Miles	2,951,545	2,132,424	5,083,969
Non-Revenue (Service) Vehicle Miles			270,362
Gallons Fuel - LPG	-	6,952	6,952
Gallons Fuel - Diesel	624,563	300,461	925,024
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, 2020

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	Fare Revenue	
40100	Passenger fares	\$ 30,264
	Package Delivery/Meal Delivery Programs	
40400	Package delivery/meal delivery programs	3,892
	Local Service Contract	
40950	Local service contract/local source	1,360,100
	State Revenue	
41101	State operating assistance	870,748
	Federal Revenue	
41301	Section 5311 Operating	533,017
41361	Section 5311 CARES Act Operating	264,537
Total Revenue		\$ 3,062,558

Other Supplemental Information
8. Nonurban County Regular Service Expense Report
 Year Ended September 30, 2020

Code	Description	Operations	Maintenance	Administration	Total
Labor:					
50101	Operator salaries & wages	\$ 202,539	\$ -	\$ -	\$ 202,539
50102	Other salaries & wages		34,137	216,697	250,834
Fringe Benefits					
50200	Other fringe benefits	93,394	15,741	99,922	209,057
50220	Defined Benefit Pension	23,637	3,984	25,289	52,910
50250	Other post retirement benefits	78,462	13,224	83,947	175,633
Services					
50302	Advertising			14,286	14,286
50305	Audit costs			3,169	3,169
50399	Other		0	140,049	140,049
Materials and supplies					
50401	Fuel and Lubricants		22,938	1,825	24,763
50402	Tires and tubes		1,623	62	1,685
50499	Other materials and supplies		9,590	57,429	67,019
Utilities					
50500	Utilities			32,180	32,180
Insurance					
50603	Liability insurance			4,226	4,226
50699	Other insurance			61,278	61,278
Taxes and fees					
50700	Taxes and fees			88	88
Purchased transportation services					
50800	Purchased transportation services	1,287,614			1,287,614
Miscellaneous expenses					
50902	Travel, meetings & training			2,600	2,600
50903	Association dues & subscriptions			6,481	6,481
50999	Other miscellaneous expense			10	10
Operating leases & rentals					
51200	Operating leases & rentals			2,295	2,295
Depreciation					
51300	Depreciation			301,535	301,535
Total Expenses		<u>1,685,646</u>	<u>101,237</u>	<u>1,053,368</u>	<u>2,840,251</u>
Ineligible Expenses					
55006	Other ineligible interest expense			638	638
55007	Ineligible depreciation			301,326	301,326
55008	Other ineligible expenses			154,674	154,674
55009	Ineligible percent of association dues			428	428
58020	Ineligible DB Pension	0	0	22,404	22,404
58050	Ineligible DB OPEB	61,979	10,446	66,312	138,737
58099	Other ineligible benefits			7,255	7,255
Total Ineligible Expenses		<u>61,979</u>	<u>10,446</u>	<u>553,037</u>	<u>625,462</u>
Total Eligible Expenses		<u>\$ 1,623,667</u>	<u>\$ 90,791</u>	<u>\$ 500,331</u>	<u>\$ 2,214,789</u>

9. Nonurban County Regular Service Nonfinancial Report (Unaudited)

Year Ended September 30, 2020

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicles hours	16,853	497	-	17,350
611	Vehicle miles	361,523	11,480	-	373,003

Miscellaneous Information

Description	Total
Vehicle Revenue Miles	238,809
Gallons Fuel - Gasoline	35,653

Capital Area Transportation Authority

**Other Supplemental Information
10. Specialized Services Revenue Report**

Year Ended September 30, 2020

<u>Code</u>	<u>Description</u>	<u>Amount</u>
	Fare Revenue	
40100	Passenger fares	\$ 4,453
	State Revenue	
41101	Specialized Services	19,687
Total Revenue		<u>\$ 24,140</u>

Other Supplemental Information
11. Specialized Services Expense Report

Year Ended September 30, 2020

Code	Description	Operations	Maintenance	Administration	Total
Labor:					
50101	Operator salaries & wages	\$ 8,156	\$ -	\$ -	\$ 8,156
50102	Other salaries & wages		10,101		10,101
Fringe Benefits					
50200	Other fringe benefits	8,419			8,419
50220	Defined Benefit Pension	2,131			2,131
50250	Other post retirement benefits	7,073			7,073
Services					
50302	Advertising			575	575
50305	Audit costs			128	128
50399	Other			5,640	5,640
Materials and supplies					
50401	Fuel and Lubricants		997		997
50402	Tires and tubes		68		68
50499	Other materials and supplies		2,699		2,699
Utilities					
50500	Utilities			1,296	1,296
Insurance					
50603	Liability insurance			170	170
50699	Other insurance			2,468	2,468
Taxes and fees					
50700	Taxes and fees			4	4
Miscellaneous expenses					
50902	Travel, meetings & training			105	105
50903	Association dues & subscriptions			261	261
50999	Other miscellaneous expense			0	0
Operating leases & rentals					
51200	Operating leases & rentals			92	92
Depreciation					
51300	Depreciation			12,143	12,143
Total Expenses		<u>25,779</u>	<u>13,865</u>	<u>22,882</u>	<u>62,526</u>
Ineligible expenses					
55007	Ineligible depreciation			12,135	12,135
55008	Other ineligible			297	297
55009	Ineligible percent of association dues			16	16
58020	Ineligible DB Pension	0		1,445	1,445
58050	Ineligible DB OPEB	0		5,587	5,587
58099	Other ineligible benefits			468	468
Total Ineligible Expenses		<u>0</u>	<u>0</u>	<u>19,948</u>	<u>19,948</u>
Total Eligible Expenses		<u>\$ 25,779</u>	<u>\$ 13,865</u>	<u>\$ 2,934</u>	<u>42,578</u>

Capital Area Transportation Authority

Other Supplemental Information
12. Specialized Services Nonfinancial Report (Unaudited)

Year Ended September 30, 2020

<u>Code</u>	<u>Description</u>	<u>Weekday</u>
610	Vehicles hours	1,602
611	Vehicle miles	11,838

Miscellaneous Information

<u>Description</u>	<u>Total</u>
Vehicle Revenue Miles	9,617
Gallons Fuel - Diesel	2,732

Other Supplemental Information
13. Operating Assistance Calculation

Year Ended September 30, 2020

	Urban	Nonurban
Total Expenses	\$ 63,127,694	\$ 2,840,251
Less: Ineligible expenses		
Ineligible depreciation	6,466,208	301,326
Ineligible interest expense	2,184	-
Other ineligible	158,480	154,674
Ineligible percent of association dues	9,594	428
Ineligible expense associated with other revenue	104,984	-
Ineligible preventative maintenance	1,000,000	-
Ineligible expenses associated w/rentals	174,885	-
Other ineligible operating expenses paid by capital contract	608,872	-
Loss on disposal of assets	65,002	-
Ineligible DB Pension	636,715	22,404
Ineligible DB OPEB	5,990,212	138,737
Other ineligible benefits	216,762	7,255
Total Ineligible Expenses Per R&E Manual	15,433,898	624,824
Total State Eligible Expenses	\$ 47,693,796	\$ 2,215,427

Eligible Expenses for State Reimbursement	\$ 47,693,796	\$ 2,215,427
x Reimbursement Percentage (Budgeted)	30.98480%	36.79160%
State Operating Assistance	<u>\$ 14,777,827</u>	<u>\$ 815,091</u>

Total Federal Eligible Expenses

Eligible Expenses for Federal Reimbursement	\$ 2,215,427
x Reimbursement Percentage (per Project Authorization)	36.00%
State Operating Assistance	<u>\$ 797,554</u>