
Capital Area Transportation Authority

**Financial Report
with Supplemental Information
September 30, 2017**

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Fund Financial Statements:	
Statement of Net Position	8
Statement of Revenue, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Statement of Fiduciary Net Position	11
Statement of Changes in Fiduciary Net Position	12
Notes to Financial Statements	13-32
Required Supplemental Information	33
Schedule of Changes in the Net Pension Liability and Related Ratios - Union Employees' Retirement Plan	34
Schedule of Pension Contributions - Union Employees' Retirement Plan	35
Schedule of Changes in the Net Pension Liability and Related Ratios - Administrative Employees' Retirement Plan	36
Schedule of Pension Contributions - Administrative Employees' Pension Plan	37
Schedule of Pension Investment Returns	38
Schedule of Changes in the Net OPEB Liability and Related Ratios	39
Schedule of OPEB Contributions	40
Schedule of OPEB Funding Progress	41
Other Supplemental Information	42
Fiduciary Funds:	
Statement of Fiduciary Net Position	43
Statement of Changes in Fiduciary Net Position	44
Schedule of Operating Expenses	45
Schedule of Nonoperating Revenues	46
Schedule of Local Revenues	47
Schedule of Operating and Contract Expenses	48
Schedule of Expense by Contract and General Operations	49
Urban Regular Service Revenue Report	50
Urban Regular Service Expense Report	51-52
Urban Regular Service Nonfinancial Report	53
JARC Service Revenue Report	54
JARC Service Expense Report	55-56
JARC Service Nonfinancial Report	57
Nonurban County Regular Service Revenue Report	58
Nonurban County Regular Service Expense Report	59-60
Nonurban County Regular Service Nonfinancial Report	61
Specialized Services Revenue Report	62
Specialized Services Expense Report	63-64
Specialized Services Nonfinancial Report	65
Operating Assistance Calculation	66
Schedule of Mileage Data	67
Schedule of Vehicle Hours and Passengers	68

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 as of and for the year ended September 30, 2017 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 opinion.

Opinion

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, 2017 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.

Emphasis of Matter

The basic financial statements of the Capital Area Transportation Authority as of and for the year ended September 30, 2016 were audited by a predecessor auditor, which expressed an unmodified opinion on the basic financial statements. The predecessor auditor's report was dated February 3, 2017.

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 Authority's basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2018 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 15, 2018

Management's Discussion and Analysis

September 30, 2017

The Management Discussion and Analysis ("MD&A") presents a narrative overview and analysis of the financial activities of the Capital Area Transportation Authority (the "Authority") for the year ended September 30, 2017. The MD&A 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.

The annual financial report consists principally of the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows, prepared in accordance with GASB principles.

Financial Highlights

These statements reflect that the Authority is in very strong financial health. At September 30, 2017 (the Authority's 2017 fiscal year-end), the Authority's net position stood at \$80,817,167 as compared to a net position of \$79,869,048 at fiscal year-end 2016. 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 Authority's current ratio at September 30, 2017 stood at 5.25, as compared with 6.12 at fiscal year-end 2016. 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, 2017, the Authority had cash and investments totaling \$31,852,678, while cash and investments stood at \$31,388,034 at fiscal year-end 2016.

The Authority's year-end leverage ratio at September 30, 2017 stood at .22, as compared with .22 at fiscal year-end 2016. 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 .50 are generally considered to reflect a healthy financial position.

Revenues (both operating and non-operating) and grants for the fiscal year ended September 30, 2017 amounted to \$53,631,807, while operating expenses amounted to \$52,683,688. This resulted in an increase in net position of \$948,119 for fiscal year-end 2017.

Overview of the Financial Statements

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplemental information, and compliance information.

The basic financial statements include two kinds of statements:

The first statement is the Proprietary Fund, which tells how basic transportation services were financed in the short-term and what remains for future spending.

The second statement is the Pension Trust Fund, which is a fiduciary fund. This statement provides information about the financial relationship in which the Authority acts as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the more significant information contained within the statements and provide more detailed data. The notes are followed by a series of required supplemental information that further explains and supports the financial statements. The compliance information provides data relating to the basic transportation services provided.

Management's Discussion and Analysis

September 30, 2017

Proprietary Fund Statement

The proprietary fund statement reports 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 revenues, expenses and changes in net position accounts for all of the current year's revenues 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 Fund Statement

The Authority administers pension plans which 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, 2017, the Authority's Union and Administrative Pension Plans had fiduciary net positions as a percentage of total pension liabilities of 100 percent and 87 percent, respectively. The Plans were evaluated in part based on an assumed 6 percent discount rate. On an actuarial basis, the Union and Administrative Pension Plans had accrued benefit funded ratios of 100.99 percent and 97.65 percent, respectively, as of January 1, 2017. The Plans are evaluated annually by the actuaries.

Capital Area Transportation Authority

Management's Discussion and Analysis

September 30, 2017

Net Position

The Authority's total net position at September 30, 2017, was \$80.8 million, an increase of \$948,000 (1.19%) from 2016. The change in net position cannot be attributed to any single revenue or expenditure line item, but rather was a result of the normal operations of the Authority. The following table shows, in a condensed format, the net position as of the current date and the same date of the prior year:

	2017	2016
Assets		
Current assets	\$ 39,826,717	\$ 39,576,978
Capital assets	<u>57,216,798</u>	<u>55,552,923</u>
Total assets	97,043,515	95,129,901
Deferred Outflows of Resources	3,226,610	3,712,665
Liabilities		
Current liabilities	7,578,367	6,456,921
Noncurrent liabilities	<u>10,289,386</u>	<u>11,603,275</u>
Total liabilities	17,867,753	18,060,196
Deferred Inflows of Resources	<u>1,585,205</u>	<u>913,322</u>
Net Position		
Net investment in capital assets	57,216,798	55,552,923
Unrestricted	<u>23,600,369</u>	<u>24,316,125</u>
Total net position	<u>\$ 80,817,167</u>	<u>\$ 79,869,048</u>

Capital Area Transportation Authority

Management's Discussion and Analysis

September 30, 2017

Changes in Net Position

The following table compares the Authority's Statement of Revenues, Expenses and Changes in Net Position from 2016 to 2017:

	2017	2016
Operating revenue	\$ 7,439,303	\$ 7,867,979
Operating expenses before depreciation	45,683,401	44,881,088
Operating loss before depreciation	(38,244,098)	(37,013,109)
Depreciation expense	7,000,287	7,093,855
Total operating loss	(45,244,385)	(44,106,964)
Nonoperating revenue - Net of related expenses	36,708,914	33,911,457
Net loss before capital contributions	(8,535,471)	(10,195,507)
Capital contributions	9,483,590	3,455,120
Change in net position	948,119	(6,740,387)
Net position - Beginning of year	79,869,048	86,609,435
Net position - End of year	<u>\$ 80,817,167</u>	<u>\$ 79,869,048</u>

Capital Asset and Debt Administration

The Authority continues to invest in capital assets, including vehicles, infrastructure and equipment. At September 30, 2017 and 2016, the Authority had \$57.2 million and \$55.6 million, respectively, invested in capital assets. During fiscal 2017, the Authority made capital additions of \$8.7 million, of which \$5.5 million consisted of revenue-producing vehicles. Additionally, during fiscal 2017, the Authority disposed of various capital assets with a combined net book value of \$58,000.

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. More detailed information about 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 receives a significant portion of its revenues from property taxes levied on real and personal property located in five local governmental units: City of Lansing, City of East Lansing, Lansing Charter Township, Delhi Charter Township and Meridian Charter Township. The millage in support of the Authority is due to expire in 2020. The Authority will be seeking renewal of the millage, through a ballot proposal, at or near the value currently being levied prior to expiration of the existing millage. The Authority's ability to continue its mission will be greatly affected by the results of the ballot proposal.

Management's Discussion and Analysis

September 30, 2017

Contacting the Authority's Financial Management

This financial report is designed to provide our customers, taxpayers, and other interested parties with a general overview of the finances of the Capital Area Transportation Authority and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Capital Area Transportation Authority at 4615 Tranter Ave., Lansing, MI 48910.

Capital Area Transportation Authority

Statement of Net Position

September 30, 2017

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 3,305,108
Investments (Note 3)	28,547,570
Receivables:	
Accrued interest receivable	113,302
Local contributions and contract revenue receivable	2,260,919
Due from federal government	2,512,824
Due from state government	1,738,229
Inventories	1,009,755
Prepaid expenses	339,010
Total current assets	<u>39,826,717</u>

Noncurrent assets -

Capital assets: (Note 4)	
Assets not subject to depreciation	6,100,892
Assets subject to depreciation - Net	<u>51,115,906</u>
Total noncurrent assets	<u>57,216,798</u>
Total assets	97,043,515

Deferred Outflows of Resources - Deferred outflows related to pensions (Note 6) 3,226,610

Liabilities

Current liabilities:

Accounts payable	3,596,321
Due to state government (Note 2)	1,411,444
Accrued liabilities and other	464,285
Unearned revenue	414,186
Accrued vacation, incentive, and sick pay	1,057,622
Reserve for workers' compensation claims (Note 5)	250,509
Reserve for health insurance costs (Note 5)	384,000
Total current liabilities	<u>7,578,367</u>

Noncurrent liabilities:

Net pension liability (Note 6)	2,787,374
Net OPEB obligation (Note 7)	7,459,686
Accrued severance pay	42,326
Total noncurrent liabilities	<u>10,289,386</u>
Total liabilities	17,867,753

Deferred Inflows of Resources - Deferred inflows related to pensions (Note 6) 1,585,205

Net Position

Net investment in capital assets	57,216,798
Unrestricted	<u>23,600,369</u>
Total net position	<u><u>\$ 80,817,167</u></u>

Capital Area Transportation Authority

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2017

Operating Revenue	
Linehaul	\$ 3,056,168
Contract services	2,890,174
Paratransit	840,073
Rural service	80,521
Senior shopping bus	4,308
Special services	41,500
Other revenue	526,559
	<hr/>
Total operating revenue	7,439,303
Operating Expenses	
Labor and fringe benefits	29,572,891
Services	3,411,312
Advertising	467,179
Materials, fuel, and supplies	3,541,877
Grant funded supplies	398,810
Utilities	695,532
Insurance and self-insured costs	1,510,894
Purchased transportation services	5,653,840
Miscellaneous	397,135
Leases and rentals	33,931
Depreciation	7,000,287
	<hr/>
Total operating expenses	52,683,688
Operating Loss	(45,244,385)
Nonoperating Revenue	
Investment income - Net	121,839
Property tax revenue	20,371,553
Government operating grants - Federal	1,174,781
Government operating grants - State	12,972,313
Other nonoperating revenue	1,530,707
Nonrecurring miscellaneous income	537,721
	<hr/>
Total nonoperating revenue	36,708,914
Loss - Before capital grants	(8,535,471)
Capital Grants	9,483,590
	<hr/>
Change in Net Position	948,119
Net Position - Beginning of year	79,869,048
	<hr/>
Net Position - End of year	\$ 80,817,167

Capital Area Transportation Authority

Statement of Cash Flows

Year Ended September 30, 2017

Cash Flows from Operating Activities

Receipts from operations	\$ 7,755,378
Payments to suppliers	(8,976,697)
Payments to employees and fringes	(29,833,762)
Payments for purchased transportation	<u>(5,653,840)</u>
Net cash and cash equivalents used in operating activities	(36,708,921)

Cash Flows from Noncapital Financing Activities

Federal operating grants	1,744,387
State of Michigan grants	13,080,827
Local nonoperating receipts	<u>20,371,553</u>
Net cash and cash equivalents provided by noncapital financing activities	35,196,767

Cash Flows from Capital and Related Financing Activities

Receipt of capital grants	8,668,530
Purchase of capital assets	<u>(8,723,147)</u>
Net cash and cash equivalents used in capital and related financing activities	(54,617)

Cash Flows from Investing Activities

Investment income	126,530
Purchases of investment securities	(15,289,544)
Proceeds from sale and maturities of investment securities	<u>19,342,541</u>
Net cash and cash equivalents provided by investing activities	<u>4,179,527</u>

Net Increase in Cash and Cash Equivalents

2,612,756

Cash and Cash Equivalents - Beginning of year

692,352

Cash and Cash Equivalents - End of year

\$ 3,305,108

Reconciliation of Operating Loss to Net Cash from Operating Activities

Operating loss	\$ (45,244,385)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	7,000,287
Changes in assets and liabilities:	
Receivables	316,075
Inventories	66,927
Prepaid and other assets	542,597
Accrued vacation, incentive, and sick pay	(163,260)
Accounts payable	892,323
Net pension and OPEB liabilities and related deferrals	<u>(119,485)</u>
Total adjustments	<u>8,535,464</u>
Net cash and cash equivalents used in operating activities	<u><u>\$ (36,708,921)</u></u>

Capital Area Transportation Authority

Statement of Fiduciary Net Position

December 31, 2016 and September 30, 2017

	Pension Plans December 31, 2016	Retiree OPEB Trust September 30, 2017	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ -	\$ 3,047	\$ 3,047
Investments: (Note 3)			
Mutual funds	-	6,693,301	6,693,301
Group annuity contracts	50,524,277	-	50,524,277
Total assets	50,524,277	6,696,348	57,220,625
Liabilities			
	-	-	-
Net Position - Restricted for pension and other employee benefits	\$ 50,524,277	\$ 6,696,348	\$ 57,220,625

Capital Area Transportation Authority

Statement of Changes in Fiduciary Net Position

Years Ended December 31, 2016 and September 30, 2017

	Pension Plans December 31, 2016	Retiree OPEB Trust September 30, 2017	Total Fiduciary Funds
Additions			
Investment income (net of expenses):			
Interest and dividends	\$ 776,860	\$ 139,938	\$ 916,798
Change in fair value of investments	4,288,343	654,843	4,943,186
Investment-related expenses	(11,265)	-	(11,265)
Net investment income	5,053,938	794,781	5,848,719
Contributions:			
Employer contributions	1,505,380	1,725,577	3,230,957
Member contributions	960,381	-	960,381
Total contributions	2,465,761	1,725,577	4,191,338
Total additions	7,519,699	2,520,358	10,040,057
Deductions			
Benefit payments	2,181,797	1,134,598	3,316,395
Administrative expenses	102,991	-	102,991
Total deductions	2,284,788	1,134,598	3,419,386
Net Increase in Net Position Held in Trust	5,234,911	1,385,760	6,620,671
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	45,289,366	5,310,588	50,599,954
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 50,524,277	\$ 6,696,348	\$ 57,220,625

September 30, 2017

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 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. The Authority has contracted with the County of Ingham, Michigan to administer and manage transportation services to that 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, 2017 financial statements of the Authority include certain pension plan data as of December 31, 2016.

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 Government 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 for 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 government's programs. The Authority reports pension and OPEB trust funds that account for the activities of the Union and Administrative Employees pension plans (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.

Investments

Investments are reported at fair value or estimated fair value. Pension plan investments in unallocated insurance contracts are valued at net asset value, which approximates fair value.

Note 1 - Significant Accounting Policies (Continued)

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 \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

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

Local Contributions and Contract Revenue

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

Grant Activities

The federal government, through the Federal Transit Administration (FTA) and the Michigan Department of Transportation (MDOT), provides financial assistance and grants directly to the Authority for operations and acquisition of property and equipment. Operating grants are recorded as grant receivables and revenue when the qualified expenditures are recorded. Federal and state capital acquisition grants fund the purchase of capital items, including buses and related transportation equipment used by the Authority. Capital grants for the acquisition of capital assets are recorded as grants receivable in the statement of net position and capital contributions in the statement of revenue, expenses, and changes in net position when the related qualified expenditures are incurred.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows of resources related to pensions.

Note 1 - Significant Accounting Policies (Continued)

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.

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; cities of Lansing and East Lansing; 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 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, 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 Employee Pension Plans (Pension Plans) and additions to/deductions from the pension plans' fiduciary net position has 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 healthcare benefits to eligible retirees. The Authority receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. The Authority reports the full accrual cost equal to the current year required contribution adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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.

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.

Note 1 - Significant Accounting Policies (Continued)

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.

Adoption of New Accounting Pronouncements

As of September 30, 2017, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This new accounting standard addresses reporting by postemployment benefit plans other than pensions (OPEB) that administer defined benefit OPEB benefits on behalf of governments. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated.

During the year ended September 30, 2017, the Authority also adopted GASB Statement No. 77, *Tax Abatement Disclosures*. As a result, the financial statements now include footnote disclosures regarding significant tax abatement agreements.

Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Authority to recognize on the face of the financial statements its net OPEB liability related to its participation in the retiree OPEB trust plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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, 2018.

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 previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are 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 are effective for the Authority's financial statements for the year ending September 30, 2021.

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, 2017.

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, 2014. The resulting decrease in revenue has been finalized with the State and has been paid back by the Authority. Furthermore, the Authority awaits the “final” determination for the years ended September 30, 2015, 2016, and 2017 (open years). The Authority has recorded an estimated aggregate liability as of September 30, 2017 based on management’s anticipation of the results of the State’s final determination of the Act 51 funding formula for the open years, in addition to the liability already recorded based on MDOT’s preliminary eligible expenses reimbursement percentage for each of the open years.

Note 3 - Deposits and Investments

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

	Business-type Activities	Fiduciary	Total
Cash and cash equivalents	\$ 3,305,108	\$ 3,047	\$ 3,308,155
Investments	28,547,570	57,217,578	85,765,148
Total deposits and investments	<u>\$ 31,852,678</u>	<u>\$ 57,220,625</u>	<u>\$ 89,073,303</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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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 healthcare 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.

Note 3 - Deposits and Investments (Continued)

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 \$2,460,701 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy does not have specific limits in excess of state law on investment maturities, other than limiting investments in commercial paper which can only be purchased with a 270-day maturity.

At year end, the Authority had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary Government		
U.S. Treasury securities	\$ 8,600,196	1.39
U.S. government agency securities	19,947,374	1.76
Total	<u>\$ 28,547,570</u>	
Investment	Fair Value	Weighted- average Maturity (Years)
Fiduciary Funds		
Group annuity contracts	\$ 50,524,277	Not available
Mutual funds	6,693,301	Not available
Total	<u>\$ 57,217,578</u>	

Note 3 - Deposits and Investments (Continued)

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 which matures not more than 270 days after the date of purchase.

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. Treasury securities	\$ 8,600,196	AA+	S&P
U.S. government agency securities	<u>19,947,374</u>	AA+	S&P
Total	<u>\$ 28,547,570</u>		

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
Group annuity contracts	\$ 50,524,277	N/a	Not available
Mutual funds	<u>6,693,301</u>	N/a	Not available
Total	<u>\$ 57,217,578</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; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

September 30, 2017

Note 3 - Deposits and Investments (Continued)

The Authority has the following recurring fair value measurements as of September 30, 2017:

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2017			
	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, 2017
Assets				
Trading securities:				
Debt securities - U.S. agency securities	\$ -	\$ 19,947,374	\$ -	\$ 19,947,374
Debt securities - U.S. treasury securities	-	8,600,196	-	8,600,196
Mutual funds - Fixed income	1,725,498	-	-	1,725,498
Mutual funds - Equities	4,967,803	-	-	4,967,803
Group annuity contracts measured at net asset value				50,524,277
Total assets	\$ 6,693,301	\$ 28,547,570	\$ -	\$ 85,765,148

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, 2017 was determined primarily based on Level 2 inputs. The Authority estimates the fair value of these investments using quotes prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quotes 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 the net asset value (NAV) per share (or its equivalent) is presented on the table below.

Investments in Entities that Calculate Net Asset Value per Share

The Authority holds shares or interests in group annuity contracts whereby 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, 2017, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Group annuity contracts	\$ 50,524,277	\$ -	N/A	None

The group annuity contracts are investment contracts with principal and stated rate of returns 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 the net asset value per share of the investments.

September 30, 2017

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance October 1, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance September 30, 2017
Capital assets not being depreciated:					
Land	\$ 2,253,977	\$ -	\$ 10,385	\$ (131,155)	\$ 2,133,207
Construction in progress	8,456,610	(5,583,010)	1,098,201	(4,116)	3,967,685
Subtotal	10,710,587	(5,583,010)	1,108,586	(135,271)	6,100,892
Capital assets being depreciated:					
Buildings	36,243,977	5,583,010	508,956	(1,339,784)	40,996,159
Vehicles	61,934,678	-	5,466,463	(3,211,366)	64,189,775
Furniture, fixtures and computers	10,774,726	-	795,992	(2,005,875)	9,564,843
Bus shelters and signs	1,967,965	-	117,945	(569,224)	1,516,686
Equipment	2,460,479	-	725,205	(1,155,784)	2,029,900
Subtotal	113,381,825	5,583,010	7,614,561	(8,282,033)	118,297,363
Accumulated depreciation:					
Buildings	18,054,716	-	1,295,250	(630,072)	18,719,894
Vehicles	39,128,700	-	4,784,500	(4,350,261)	39,562,939
Furniture, fixtures, and computers	8,343,060	-	673,506	(1,819,138)	7,197,428
Bus shelters and signs	1,173,110	-	99,334	(478,317)	794,127
Equipment	1,839,903	-	147,697	(1,080,531)	907,069
Subtotal	68,539,489	-	7,000,287	(8,358,319)	67,181,457
Net capital assets being depreciated	44,842,336	5,583,010	614,274	76,286	51,115,906
Net business-type activity capital assets	\$ 55,552,923	\$ -	\$ 1,722,860	\$ (58,985)	\$ 57,216,798

Depreciation expense recognized in fiscal year 2017 is \$7,000,287.

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.

Furthermore, the Authority has established a limited risk management program for health and related benefits such as vision and dental. An excess coverage insurance policy covers individual claims per policy period in excess of \$150,000.

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 year were as follows:

	Workers' Compensation		Health and Related Benefit Claims	
	2017	2016	2017	2016
Estimated liability - Beginning of year	\$ 297,577	\$ 114,956	\$ 289,000	\$ 339,000
Estimated claims incurred, including changes in estimates	285,143	365,216	4,517,881	3,455,689
Claim payments	(332,211)	(182,595)	(4,422,881)	(3,505,689)
Estimated liability - End of year	<u>\$ 250,509</u>	<u>\$ 297,577</u>	<u>\$ 384,000</u>	<u>\$ 289,000</u>

The Authority is also a member of the Michigan Transit Pool Liability Trust Fund. This pool provides property and casualty insurance to member transportation authorities. Pool members may be subject to supplemental assessments in the event of deficiencies. The Authority has purchased additional insurance coverage in the amount of \$5,000,000 for excess liability.

The Authority purchases commercial insurance to cover other risks of loss.

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.

September 30, 2017

Note 6 - Pension Plans (Continued)

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, 2016	December 31, 2016
Inactive plan members or beneficiaries currently receiving benefits	94	38
Inactive plan members entitled to but not yet receiving benefits	42	33
Active plan members	209	40
Total employees covered by the plan	<u>345</u>	<u>111</u>

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, 2017, the Authority's average contribution rate was 7 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 NPL	December 31, 2016	December 31, 2016

September 30, 2017

Note 6 - Pension Plans (Continued)

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

Union Employees' Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2016	\$ 30,530,588	\$ 27,948,354	\$ 2,582,234
Changes for the year:			
Service cost	769,047	-	769,047
Interest	1,835,268	-	1,835,268
Differences between expected and actual experience	474,688	-	474,688
Changes in assumptions	54,395	-	54,395
Contributions - Employer	-	871,474	(871,474)
Contributions - Employee	-	871,474	(871,474)
Net investment income	-	3,964,867	(3,964,867)
Benefit payments, including refunds	(1,442,944)	(1,442,944)	-
Administrative expenses	-	(51,928)	51,928
Miscellaneous other charges	-	(6,907)	6,907
Net changes	1,690,454	4,206,036	(2,515,582)
Balance at December 31, 2016	\$ 32,221,042	\$ 32,154,390	\$ 66,652

The Union Employees' Pension Plan's fiduciary net position represents 99.8 percent of the total pension liability.

Administrative Employees' Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2016	\$ 19,742,796	\$ 17,341,012	\$ 2,401,784
Changes for the year:			
Service cost	505,572	-	505,572
Interest	1,192,736	-	1,192,736
Differences between expected and actual experience	110,949	-	110,949
Changes in assumptions	23,815	-	23,815
Contributions - Employer	-	633,906	(633,906)
Contributions - Employee	-	88,907	(88,907)
Net investment income	-	846,742	(846,742)
Benefit payments, including refunds	(738,853)	(738,853)	-
Administrative expenses	-	(51,063)	51,063
Miscellaneous other charges	-	(4,358)	4,358
Net changes	1,094,219	775,281	318,938
Balance at December 31, 2016	\$ 20,837,015	\$ 18,116,293	\$ 2,720,722

The Administrative Employees' Pension Plan's fiduciary net position represents 86.9 percent of the total pension liability.

September 30, 2017

Note 6 - Pension Plans (Continued)

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

For the year ended September 30, 2017, the Authority recognized combined pension expense of \$1,001,691 from both plans.

At September 30, 2017, 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	\$ 1,264,778	\$ -
Changes in assumptions	294,673	-
Net difference between projected and actual earnings on pension plan investments	502,500	1,585,205
Employer contributions to the plan subsequent to the measurement date	1,164,659	-
Total	<u>\$ 3,226,610</u>	<u>\$ 1,585,205</u>

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
2018	\$ 267,645
2019	101,235
2020	264,534
2021	(304,654)
2022	73,985
Thereafter	74,001
Total	<u>\$ 476,746</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	RP-2000 Mortality Table projected to 2017 with Scale AA, male and females rates	RP-2000 Mortality Table projected to 2017 with Scale AA, male and females rates

Note 6 - Pension Plans (Continued)

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.

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2016 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:

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	2.00

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

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

	1 Percent Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percent Increase (7.0%)
Net pension liability of the Union Employees' Pension Plan	\$ 3,981,329	\$ 66,652	\$ (3,219,992)
Net pension liability of the Administrative Employees' Pension Plan	4,695,693	2,720,722	1,054,691

Note 6 - Pension Plans (Continued)

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, 2017:

Asset Class	Target Allocation - Union Employees' Pension Plan	Target Allocation - Administrative Employees' Pension Plan
Large Cap S&P 500 Index Fund	55 %	60 %
General Investment Fund	45	40
Total	<u>100 %</u>	<u>100 %</u>

Rate of Return

For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.39 percent for the union plan and 2.61 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 Benefits

Plan Description

The Authority provides retiree healthcare benefits to eligible employees and their spouses to death or remarriage. Benefits are provided to union employees at age 59 with 10 years of service and to nonunion employees with 11 years of service. Currently, the plan has 348 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single-employer defined benefit plan administered by the Authority. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

Funding Policy

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 healthcare 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.

September 30, 2017

Note 7 - Other Postemployment Benefits (Continued)

Funding Progress

For the year ended September 30, 2017, the Authority has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of September 30, 2016. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 2,732,609
Interest on the prior year's net OPEB obligation	457,833
Less adjustment to the annual required contribution	<u>(545,644)</u>
Annual OPEB cost	2,644,798
Amounts contributed:	
Payment of current premiums	(1,134,597)
Contributions made	<u>(590,980)</u>
Increase in net OPEB obligation	919,221
OPEB obligation - Beginning of year	<u>6,540,465</u>
OPEB obligation - End of year	<u>\$ 7,459,686</u>

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
September 30, 2015	September 30, 2013	\$ 2,529,661	\$ 2,571,434	38.88 %	38.25 %	\$ 5,937,611
September 30, 2016	September 30, 2016	2,848,496	2,771,840	76.14	78.25	6,540,465
September 30, 2017	September 30, 2016	2,732,609	2,644,799	63.15	65.24	7,459,686

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
September 30, 2011	\$ 1,228,731	\$ 18,813,189	\$ 17,584,458	6.53 %
September 30, 2013	2,758,513	21,265,767	18,507,254	12.97
September 30, 2016	4,224,146	23,668,973	19,444,827	17.85

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

September 30, 2017

Note 7 - Other Postemployment Benefits (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the September 30, 2016 actuarial valuation, the entry age normal (level percent) actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 5 percent. The actuarial value of assets was equal to the market value of investments. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2016 was 23 years.

Note 8 - Other Postemployment Benefit Plan

Plan Description

The Authority administers the retiree healthcare 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 board, which consists of 10 members.

Benefits Provided

The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of 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, 2016
Inactive plan members or beneficiaries currently receiving benefits	128
Active plan members	220
	<hr/>
Total employees covered by the Plan	<u>348</u>

Contributions

The Authority has no formal contribution plan. Plan members are not required to contribute to the Plan.

Net OPEB Liability

The Authority reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning next year, the Authority will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the Authority has been measured as of September 30, 2017 and is composed of the following:

Total OPEB liability	\$ 35,530,482
Plan fiduciary net position	6,696,348
	<hr/>
Net OPEB liability	<u>\$ 28,834,134</u>

The Plan's fiduciary net position represents 18.8 percent of the total OPEB liability.

Note 8 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0 percent
Healthcare cost trend rate	5.0 percent
Salary increases	4.0 percent
Investment rate of return	7.0 percent, net of OPEB plan investment expense, including inflation

Discount Rate

The discount rate used to measure the total OPEB liability was 3.74 percent, depending on the plan option. 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 statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.35 percent. The source of that bond rate was the 20-year Aa municipal bond rate. The long-term expected rate of return was applied to projected benefit payments through 2030, and the municipal bond rate was applied to the remaining periods.

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 pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Stock market index fund	60.00 %	6.50 %
Bond and corporate index fund	40.00	2.75
Total	100.00 %	

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

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 3.74 percent, depending on the plan option. The following also reflects what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.74 percent) or 1 percentage point higher (4.74 percent) than the current rate:

	1 Percent Decrease (2.74%)	Current Discount Rate (3.74%)	1 Percent Increase (4.74%)
Net OPEB liability of the Authority	\$ 34,029,882	\$ 28,834,134	\$ 24,619,003

September 30, 2017

Note 8 - Other Postemployment Benefit Plan (Continued)

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

The following presents the net OPEB liability of the Authority, calculated using the healthcare cost trend rate of 5.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (4.0 percent) or 1 percentage point higher (6.0 percent) than the current rate:

	<u>1 Percent Decrease (4.0%)</u>	<u>Current Discount Rate (5.0%)</u>	<u>1 Percent Increase (6.0%)</u>
Net pension liability of the Authority	\$ 23,733,528	\$ 28,834,134	\$ 35,249,750

Investment Policy

The Plan's 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 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 authority board's adopted asset allocation policy as of September 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Mutual funds	100 %

Note 9 - Commitments

Bus tires are to be furnished to the Authority under the terms of a supplier agreement effective July 1, 2013, which expires on June 30, 2018 with annual increases. 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, 2017 was \$222,774.

Note 10 - 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 which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

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 11 - Cost Allocation Plan

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

September 30, 2017

Note 12 - Eligible and Ineligible Costs

The State's BPT (Bureau of Passenger Transportation) requires the Authority to include supplemental schedules to the financial statements. These supplemental schedules are included on pages 45-68 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 subtracts them out as ineligible or does 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 \$4,596,844 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 and where the useful life of the asset purchased has been approved by the BPT is reported as an eligible expense.

The revenue schedules report \$83,308 as building rental and \$2,386,769 in other nontransportation revenue. There was no additional expense in generating the building rental, which was previously backed out as ineligible depreciation. All other expenses associated with 406 revenue do not have any expenses associated with the revenue generation.

Expenses related to the PTMS revenue code 40699 for Meals on Wheels has been reported as ineligible expense under PTMS code 55010 and subtracted out of eligible expenses.

The Authority expensed \$2,745,197 in other postemployment benefits, of which \$919,221 has been shown as ineligible expense under PTMS code 58007, ineligible fringe benefits. An amount of \$590,980 was paid to the OPEB trust in FY 2017. An additional \$1,234,996 was also paid in retirement healthcare expenses in FY 2017 and is reported in fringe benefit expenses.

Pension expense reported in the expense schedule of \$1,153,766 was fully funded and is included in the Authority's eligible expenses for the year. Actual contributions exceeded this expense calculated under GASB rules by \$293,330.

All other operating expenses that were paid for by capital contract are subtracted out as ineligible. Included are expenses of \$625,953 (PTMS code 57099) and preventive maintenance expenses of \$765,000 (PTMS code 55011). The portion of ineligible association dues is reported in (PTMS code 55009) per the State audit requirements.

Note 13 - Tax Abatements

The Authority receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Act 328 personal property exemptions granted by local cities and townships within the Authority's service area. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; Act 328 personal property exemptions can be given to eligible businesses within a designated eligible distressed district as determined by the local governing body.

For the fiscal year ended September 30, 2017, the Authority's property tax revenue was reduced by approximately \$141,000 due to industrial facilities tax exemptions and approximately \$570,000 due to Act 328 personal property exemptions. Other abatement programs reduced property tax revenue by a combined total of approximately \$115,000.

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 Three Fiscal Years		
	2017 (December 31, 2016 Measurement Date)	2016 (December 31, 2015 Measurement Date)	2015 (December 31, 2014 Measurement Date)
Total Pension Liability			
Service cost	\$ 769,047	\$ 901,345	\$ 878,914
Interest	1,835,268	1,731,432	1,566,841
Differences between expected and actual experience	474,688	600,589	336,591
Changes in assumptions	54,395	45,762	-
Benefit payments, including refunds	<u>(1,442,944)</u>	<u>(1,408,792)</u>	<u>(1,698,741)</u>
Net Change in Total Pension Liability	1,690,454	1,870,336	1,083,605
Total Pension Liability - Beginning of year	<u>30,530,588</u>	<u>28,660,252</u>	<u>27,576,647</u>
Total Pension Liability - End of year	<u>\$ 32,221,042</u>	<u>\$ 30,530,588</u>	<u>\$ 28,660,252</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 871,474	\$ 897,960	\$ 825,579
Contributions - Member	871,474	897,960	825,579
Net investment income	3,964,867	569,654	2,632,772
Administrative expenses	(51,928)	(1,408,792)	(63,761)
Benefit payments, including refunds	(1,442,944)	(73,743)	(1,698,741)
Other	<u>(6,907)</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	4,206,036	883,039	2,521,428
Plan Fiduciary Net Position - Beginning of year	<u>27,948,354</u>	<u>27,065,315</u>	<u>24,543,887</u>
Plan Fiduciary Net Position - End of year	<u>\$ 32,154,390</u>	<u>\$ 27,948,354</u>	<u>\$ 27,065,315</u>
Authority's Net Pension Liability - Ending	<u>\$ 66,652</u>	<u>\$ 2,582,234</u>	<u>\$ 1,594,937</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.79 %	91.54 %	94.44 %
Covered Employee Payroll	\$ 13,751,977	\$ 13,051,323	\$ 12,216,374
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	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.

Capital Area Transportation Authority

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

	Last Three Fiscal Years		
	2017 (December 31, 2016 Measurement Date)	2016 (December 31, 2015 Measurement Date)	2015 (December 31, 2014 Measurement Date)
Total Pension Liability			
Service cost	\$ 505,572	\$ 414,794	\$ 424,887
Interest	1,192,736	1,137,093	1,065,211
Differences between expected and actual experience	110,949	232,973	329,293
Changes in assumptions	23,815	432,360	-
Benefit payments, including refunds	<u>(738,853)</u>	<u>(2,022,338)</u>	<u>(952,299)</u>
Net Change in Total Pension Liability	1,094,219	194,882	867,092
Total Pension Liability - Beginning of year	<u>19,742,796</u>	<u>19,547,914</u>	<u>18,680,822</u>
Total Pension Liability - End of year	<u>\$ 20,837,015</u>	<u>\$ 19,742,796</u>	<u>\$ 19,547,914</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 633,906	\$ 395,223	\$ 409,598
Contributions - Member	88,907	180,979	193,090
Net investment income	846,742	144,288	1,556,717
Administrative expenses	(51,063)	(42,357)	(35,930)
Benefit payments, including refunds	(738,853)	(2,022,338)	(952,299)
Other	<u>(4,358)</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	775,281	(1,344,205)	1,171,176
Plan Fiduciary Net Position - Beginning of year	<u>17,341,012</u>	<u>18,685,217</u>	<u>17,514,041</u>
Plan Fiduciary Net Position - End of year	<u>\$ 18,116,293</u>	<u>\$ 17,341,012</u>	<u>\$ 18,685,217</u>
Authority's Net Pension Liability - Ending	<u>\$ 2,720,722</u>	<u>\$ 2,401,784</u>	<u>\$ 862,697</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.94 %	87.83 %	95.59 %
Covered Employee Payroll	\$ 2,344,817	\$ 2,981,719	\$ 3,039,472
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	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.

Capital Area Transportation Authority

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Union Employees' Retirement Plan - Annual money-weighted rate of return, net of investment expense	7.38 %	2.07 %	10.20 %
Administrative Employees' Retirement Plan - Annual money-weighted rate of return, net of investment expense	8.07 %	0.80 %	8.60 %

Capital Area Transportation Authority

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

	Last Fiscal Year
	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 1,738,555
Interest	1,299,584
Differences between expected and actual experience	75,294
Benefit payments, including refunds	<u>(1,185,270)</u>
Net Change in Total OPEB Liability	1,928,163
Total OPEB Liability - Beginning of year	<u>33,602,319</u>
Total OPEB Liability - End of year	<u>\$ 35,530,482</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,725,577
Contributions - Employee	50,673
Net investment income	794,781
Benefit payments, including refunds	(1,185,271)
Other	<u>3,047</u>
Net Change in Plan Fiduciary Net Position	1,388,807
Plan Fiduciary Net Position - Beginning of year	<u>5,307,541</u>
Plan Fiduciary Net Position - End of year	<u>\$ 6,696,348</u>
Net OPEB Liability - Ending	<u>\$ 28,834,134</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	18.8 %

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

Capital Area Transportation Authority

Required Supplemental Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended September 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 4,705,924	\$ 2,848,496	\$ 2,529,661	\$ 2,529,661	\$ 2,551,485	\$ 2,448,454	\$ 2,167,552	\$ 1,634,661	\$ 1,704,589
Contributions in relation to the actuarially determined contribution	1,725,577	2,168,986	983,504	1,422,339	1,304,228	1,548,837	1,644,702	1,479,282	1,189,256
Contribution Deficiency	\$ (2,980,347)	\$ (679,510)	\$ (1,546,157)	\$ (1,107,322)	\$ (1,247,257)	\$ (899,617)	\$ (522,850)	\$ (155,379)	\$ (515,333)

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

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, 2017 were determined based on the actuarial valuation as of September 30, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percent)
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	Equal to market value of assets
Inflation	Not stated
Healthcare cost trend rates	5.0 percent
Salary increase	4.0 percent
Investment rate of return	7.0 percent (net of investment expense, including inflation)
Retirement age	60 years
Mortality	IRS 1.430(h) Annuitant and Nonannuitant tables
Other information	Information from 2008 is not available

Capital Area Transportation Authority

Required Supplemental Information Schedule of OPEB Funding Progress

Last Ten Fiscal Years Years Ended September 30

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
September 30, 2008	\$ -	\$ 12,752,206	\$ 12,752,206	-
September 30, 2011	1,228,731	18,813,189	17,584,458	6.53
September 30, 2013	2,758,513	21,265,767	18,507,254	12.97
September 30, 2016	4,224,146	23,668,973	19,444,827	17.85

Other Supplemental Information

Capital Area Transportation Authority

Other Supplemental Information
Statement of Fiduciary Net Position
Fiduciary Funds

December 31, 2016 and September 30, 2017

	Pension and OPEB Funds			
	Union Pension Plan December 31, 2016	Admin Pension Plan December 31, 2016	Retiree OPEB Trust September 30, 2017	Total Pension and OPEB Funds
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 3,047	\$ 3,047
Investments:				
Mutual funds	-	-	6,693,301	6,693,301
Group annuity contracts	32,154,390	18,369,887	-	50,524,277
Total assets	32,154,390	18,369,887	6,696,348	57,220,625
Liabilities	-	-	-	-
Net Position - Restricted for pension and other employee benefits	\$ 32,154,390	\$ 18,369,887	\$ 6,696,348	\$ 57,220,625

Capital Area Transportation Authority

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

Years Ended December 31, 2016 and September 30, 2017

	Union Pension Plan December 31, 2016	Admin Pension Plan December 31, 2016	Retiree OPEB Trust September 30, 2017	Total Fiduciary Funds
Additions				
Investment income (net of expenses):				
Interest and dividends	\$ 523,266	\$ 253,594	\$ 139,938	\$ 916,798
Change in fair value of investments	3,441,601	846,742	654,843	4,943,186
Investment-related expenses	<u>(6,907)</u>	<u>(4,358)</u>	<u>-</u>	<u>(11,265)</u>
Net investment income	3,957,960	1,095,978	794,781	5,848,719
Contributions:				
Employer contributions	871,474	633,906	1,725,577	3,230,957
Member contributions	<u>871,474</u>	<u>88,907</u>	<u>-</u>	<u>960,381</u>
Total contributions	<u>1,742,948</u>	<u>722,813</u>	<u>1,725,577</u>	<u>4,191,338</u>
Total additions	5,700,908	1,818,791	2,520,358	10,040,057
Deductions				
Benefit payments	1,442,944	738,853	1,134,598	3,316,395
Administrative expenses	<u>51,928</u>	<u>51,063</u>	<u>-</u>	<u>102,991</u>
Total deductions	<u>1,494,872</u>	<u>789,916</u>	<u>1,134,598</u>	<u>3,419,386</u>
Net Increase in Net Position Held in Trust	4,206,036	1,028,875	1,385,760	6,620,671
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>27,948,354</u>	<u>17,341,012</u>	<u>5,310,588</u>	<u>50,599,954</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 32,154,390</u>	<u>\$ 18,369,887</u>	<u>\$ 6,696,348</u>	<u>\$ 57,220,625</u>

Capital Area Transportation Authority

**Other Supplemental Information
Schedule of Operating Expenses**

Year Ended September 30, 2017

	Operations	Maintenance	Administration	Total
Labor:				
Operator salaries and wages	\$ 12,011,334	\$ -	\$ -	\$ 12,011,334
Other salaries and wages	-	814,487	4,986,202	5,800,689
Fringe Benefits	5,727,194	388,360	2,377,500	8,493,054
Pension	359,019	24,345	149,038	532,402
Other Post Retirement Benefits	1,844,594	125,082	765,737	2,735,413
Purchased Services:				
Advertising	-	-	467,179	467,179
Other	350,974	220,909	3,092,700	3,664,583
Materials and supplies consumed:				
Fuel and Lubricants	1,618,412	23,612	3,497	1,645,521
Tires and tubes	222,366	-	408	222,774
Other materials and supplies	1,145,581	108,059	419,942	1,673,582
Utilities	-	-	695,532	695,532
Casualty and liability costs:				
Premiums for public liability and property damage insurance	-	-	1,000,436	1,000,436
Other casualty and liability costs	-	-	510,458	510,458
Purchased transportation services	5,653,840	-	-	5,653,840
Miscellaneous expenses	-	78	143,786	143,864
Interest	-	-	-	-
Leases and rentals	-	3,090	30,841	33,931
Non Capitalized Grant Items	-	-	398,810	398,810
Depreciation	4,596,844	-	2,403,443	7,000,287
	\$ 33,530,158	\$ 1,708,022	\$ 17,445,509	\$ 52,683,689

Capital Area Transportation Authority

Other Supplemental Information Schedule of Nonoperating Revenues

Year Ended September 30, 2017

	<u>2017</u>
Local nonoperating revenues:	
Property tax	\$ 17,064,122
Ingham County - county wide service	3,307,431
Property management fees	199,000
Gain (loss) on sale of asset	(303,362)
Other local nonoperating revenue	222,528
Nonrecurring miscellaneous income	1,950,262
Total local nonoperating revenues	<u>22,439,981</u>
State of Michigan operating grants:	
Operating grant (Act 51) 1994 (urban)	12,439,041
Operating grant (Act 51) 1994 (rural)	18,245
Operating grant - Preventative Maintenance	153,000
Operating grants - other	362,027
Total State of Michigan operating grants	<u>12,972,313</u>
Federal operating grants:	
Federal grant - Preventative Maintenance	612,000
Other federal revenue	163,971
Capital grants for noncapitalized items	398,810
Total Federal operating grants	<u>1,174,781</u>
Investment Income	<u>121,839</u>
Total nonoperating revenue	<u><u>\$ 36,708,914</u></u>

Capital Area Transportation Authority

Other Supplemental Information Schedule of Local Revenues

Year Ended September 30, 2017

	<u>2017</u>
40100 Linehaul - Farebox (Urban)	\$ 3,056,168
40100 Paratransit - Farebox (Urban)	840,073
40200 Contract Services	2,890,174
40100 Rural Services - Farebox	80,521
40100 Specialized Services - Fare Box	4,308
40100 Specialized Services	41,500
40400 Meals on Wheels	5,126
40720 Rental of Building	321,265
40799 Other Miscellaneous Revenue	<u>200,168</u>
Total	<u><u>\$ 7,439,303</u></u>

Capital Area Transportation Authority

Other Supplemental Information Schedule of Operating and Contract Expenses

Year Ended September 30, 2017

Expense	Urban	Job Access and Reverse Commute	Nonurban	Specialized Services	Total
Labor	\$ 17,231,590	\$ 333,314	\$ 236,516	\$ 10,603	\$ 17,812,023
Fringes	8,214,982	159,241	113,733	5,099	8,493,055
Pension	514,971	9,982	7,130	320	532,403
Other post retirement benefits	2,645,852	51,288	36,631	1,642	2,735,413
Purchased services:					
Advertising	441,569	6,072	18,700	838	467,179
Other	3,482,437	43,990	132,228	5,928	3,664,583
Materials & Supplies	3,459,774	55,395	25,563	1,146	3,541,878
Utilities	649,964	10,804	33,272	1,492	695,532
Casualty and liability costs	1,411,907	23,470	72,277	3,240	1,510,894
Purchased transportation	4,342,633	-	1,217,881	93,326	5,653,840
Miscellaneous expenses	134,989	2,104	6,480	291	143,864
Interest	-	-	-	-	-
Leases and rentals	31,910	479	1,475	66	33,930
Non Capitalized Grant Items	372,682	6,195	19,078	855	398,810
Depreciation	6,752,318	127,841	114,974	5,154	7,000,287
Total	\$ 49,687,578	\$ 830,175	\$ 2,035,938	\$ 130,000	\$ 52,683,691

Other Supplemental Information
Schedule of Expense by Contract and General Operations

Year Ended September 30, 2017

Description	MI-95-X105	MI-95-X105	MI-2016-034	MI-37-X046	MI-37-X049	2012-005-P019	General Operations Urban Large	General Operations Nonurban	Total
	2012-0055-P012 FY 15 S-5307 Clean Commute (1)	2012-0055-P012 FY 15 S-5307 Public Education (1)	2012-0055-P28 FY 17 S-5307 Preventative Maintenance (2)	2012-0055-P015 FY 10 S-5316 JARC Operating	2012-0055-P014 FY 11 & 12 S-5316 JARC Operating	2012-005-P019 FY 17 Specialized Services			
Labor	\$ 35,640	\$ 6,376	\$ -	\$ 230,837	\$ 102,477	\$ 10,603	\$ 17,189,574	\$ 236,516	\$ 17,812,023
Fringes	21,259	3,803	-	152,715	67,796	7,060	11,350,742	157,493	11,760,868
Purchased services:									
Advertising	64,699	11,576	-	4,205	1,867	838	365,294	18,700	467,179
Other	63,872	11,428	-	30,465	13,525	5,928	3,407,137	132,228	3,664,583
Materials & Supplies	17,941	3,210	765,000	38,364	17,031	1,146	2,673,623	25,563	3,541,878
Utilities	-	-	-	7,483	3,322	1,492	649,963	33,272	695,532
Casualty and liability costs	-	-	-	16,254	7,216	3,240	1,411,907	72,277	1,510,894
Purchased transportation	-	-	-	-	-	93,326	4,342,633	1,217,881	5,653,840
Miscellaneous expenses	2,971	532	-	1,458	646	291	131,486	6,480	143,864
Interest	-	-	-	-	-	-	-	-	-
Leases and rentals	-	-	-	332	147	661	31,315	1,475	33,930
Non Capitalized Grant Items	-	-	-	4,290	1,905	855	372,682	19,078	398,810
Depreciation	-	-	-	88,536	39,304	855	6,756,618	114,974	7,000,287
Total	\$ 206,382	\$ 36,925	\$ 765,000	\$ 574,939	\$ 255,236	\$ 126,295	\$ 48,682,974	\$ 2,035,937	\$ 52,683,688

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

Capital Area Transportation Authority

Other Supplemental Information Urban Regular Service Revenue Report

Year Ended September 30, 2017

Code	Description	Amount
401:	Fare Revenue	
40100	Passenger fares	\$ 3,867,381
40200	Contract fares	2,750,174
406:	Auxiliary Transportation Revenue	
40699	Meal delivery program	5,126
407:	Non transportation Revenue	
40720	Rental of buildings or other properties	321,265
40799	Other nontrans revenue	2,065,504
408:	Local Revenue	
40800	Taxes levied directly for/by transit agency	19,846,629
409:	Local Revenue	
40950	Local Service Contracts/Local Source	186,870
411:	State Revenue	
41101	State operating assistance	13,179,302
41111	Preventative maintenance	153,000
41199	Other state contracts and reimbursements	2,391,988
413:	Federal Revenue	
41302	Section 5307 Operating	231,277
41311	Preventative maintenance	644,136
41312	Planning/capital cost of contracting	6,578,346
41399	Other FTA contracts & reimbursements	115,656
414:	Other Revenue	
41400	Interest Income	415,962
Total Revenue		\$ 52,752,616

Other Supplemental Information
Urban Regular Service Expense Report

Year Ended September 30, 2017

Code	Description	Operations	Maintenance	General Administration	Total
501:	Labor:				
50101	Operator salaries & wages	\$ 11,767,166	\$ -	\$ -	\$ 11,767,166
50102	Other salaries & wages	-	802,143	4,662,281	5,464,424
502:	Fringe Benefits				
50200	Other fringe benefits	5,610,771	382,474	2,221,737	8,214,982
50201	Pension	351,721	23,976	139,273	514,970
50202	Other post retirement benefits	1,807,097	123,186	715,569	2,645,852
503:	Services				
50302	Advertising	-	-	441,569	441,569
50305	Audit costs	-	-	29,886	29,886
50399	Other	350,974	219,856	2,881,721	3,452,551
504:	Materials and supplies				
50401	Fuel and Lubricants	1,591,618	23,226	2,107	1,616,951
50402	Tires and tubes	219,611	-	381	219,992
50499	Other materials and supplies	1,128,035	106,292	388,502	1,622,829
505:	Utilities				
50500	Utilities	-	-	649,964	649,964
506:	Insurance				
50603	Liability insurance	-	-	934,892	934,892
50699	Other insurance	-	-	477,015	477,015
507:	Taxes and fees				
50700	Taxes and fees	-	-	611	611
508:	Purchased transportation services				
50800	Purchased transportation services	4,342,633	-	-	4,342,633
509:	Miscellaneous expenses				
50902	Travel, meetings & training	-	78	66,116	66,194
50903	Association dues & subscriptions	-	-	56,406	56,406
50999	Other miscellaneous expense	-	-	11,777	11,777
512:	Operating leases & rentals				
51200	Operating leases & rentals	-	3,090	28,820	31,910
513:	Depreciation				
51300	Depreciation	4,506,338	-	2,245,980	6,752,318
516:	Grant related Expenditures				
51600	Non Capitalized Grant Items	-	-	372,682	372,682
550:	Ineligible expenses				
55007	Ineligible depreciation	4,506,338	-	2,245,980	6,752,318
55008	Other ineligible	5,126	-	-	5,126
55009	Ineligible percent of assoc dues	-	-	6,656	6,656
55010	Non Capitalized grant items	-	-	243,306	243,306
55011	Ineligible preventative maintenance	765,000	-	-	765,000
57099	Non Capitalized grant items	-	-	372,682	372,682
57099	Other ineligible Federal/State/Local	-	-	253,271	253,271

Other Supplemental Information
Urban Regular Service Expense Report (Continued)

Year Ended September 30, 2017

Code	Description	Operations	Maintenance	General Administration	Total
580:	Ineligible expenses				
58010	Ineligible DB Pension	(941,272)	-	-	(941,272)
58020	Ineligible DB OPEB	889,267	-	-	889,267
Total Expenses		31,675,965	1,684,321	16,327,291	49,687,574
Total Ineligible Expenses		<u>5,224,459</u>	<u>-</u>	<u>3,121,895</u>	<u>8,346,354</u>
Total Eligible Expenses		<u>\$ 26,451,506</u>	<u>\$ 1,684,321</u>	<u>\$ 13,205,396</u>	<u>\$ 41,341,220</u>

Capital Area Transportation Authority

**Other Supplemental Information
Urban Regular Service Nonfinancial Report**

Year Ended September 30, 2017

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicles hours	410,037	39,733	21,821	471,591
611	Vehicle miles	5,630,798	538,632	302,819	6,472,249

Capital Area Transportation Authority

Other Supplemental Information JARC Service Revenue Report

Year Ended September 30, 2017

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401:	Fare Revenue	
40100	Passenger fares	\$ 24,736
40200	Contract fares	140,000
411:	State Revenue	
41101	State operating assistance	(540,666)
41111	Preventative maintenance	-
41199	Other state contracts and reimbursements	-
413:	Federal Revenue	
41301	Section 5311 Operating	-
41311	Preventative maintenance	-
41312	Planning/capital cost of contracting	-
41399	Other FTA contracts & reimbursements	69,235
414:	Other Revenue	
41400	Interest Income	-
Total Revenue		<u><u>\$ (306,695)</u></u>

Other Supplemental Information
JARC Service Expense Report

Year Ended September 30, 2017

Code	Description	Operations	Maintenance	General Administration	Total
501:	Labor:				
50101	Operator salaries & wages	\$ 244,168	\$ -	\$ -	\$ 244,168
50102	Other salaries & wages	-	12,344	76,802	89,146
50103	Dispatchers' salaries & wages				-
502:	Fringe Benefits				
50200	Other fringe benefits	116,423	5,886	36,932	159,241
50201	Pension	7,298	369	2,315	9,982
50202	Other post retirement benefits	37,497	1,896	11,895	51,288
503:	Services				
50302	Advertising	-	-	6,072	6,072
50305	Audit costs	-	-	497	497
50399	Other	-	1,053	42,441	43,494
504:	Materials and supplies				
50401	Fuel and Lubricants	26,794	386	35	27,215
50402	Tires and tubes	2,755	-	6	2,761
50499	Other materials and supplies	17,546	1,767	6,106	25,419
505:	Utilities				
50500	Utilities	-	-	10,804	10,804
506:	Insurance				
50603	Liability insurance	-	-	15,541	15,541
50699	Other insurance	-	-	7,929	7,929
507:	Taxes and fees				
50700	Taxes and fees	-	-	10	10
508:	Purchased transportation services				
50800	Purchased transportation services	-	-	-	-
509:	Miscellaneous expenses				
50902	Travel, meetings & training	-	-	995	995
50903	Association dues & subscriptions	-	-	903	903
50999	Other miscellaneous expense	-	-	196	196
512:	Operating leases & rentals				
51200	Operating leases & rentals	-	-	479	479
513:	Depreciation				
51300	Depreciation	90,506	-	37,335	127,841
516:	Grant related Expenditures				
51600	Non Capitalized Grant Items	-	-	6,195	6,195
550:	Ineligible expenses				
55000	Ineligible JARC fares	24,736	-	-	24,736
55005	Ineligible local contracts	140,000	-	-	140,000
55007	Ineligible depreciation	90,506	-	37,355	127,861
55010	Non Capitalized grant items	-	-	6,195	6,195

Other Supplemental Information
JARC Service Expense Report (Continued)

Year Ended September 30, 2017

580:	Ineligible expenses				
58010	Ineligible DB Pension	(18,207)	-	-	(18,207)
58020	Ineligible DB OPEB	17,201	-	-	17,201
Total Expenses		542,987	23,701	263,488	830,176
Total Ineligible Expenses		<u>254,236</u>	<u>-</u>	<u>43,550</u>	<u>297,786</u>
Total Eligible Expenses		<u>\$ 288,751</u>	<u>\$ 23,701</u>	<u>\$ 219,938</u>	<u>\$ 532,390</u>

Capital Area Transportation Authority

**Other Supplemental Information
JARC Service Nonfinancial Report**

Year Ended September 30, 2017

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicles hours	10,186	949	-	11,135
611	Vehicle miles	117,734	10,038	-	127,772

Capital Area Transportation Authority

**Other Supplemental Information
Nonurban County Regular Service Revenue Report**

Year Ended September 30, 2017

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401:	Fare Revenue	
40100	Passenger fares	\$ 80,521
408:	Local Revenue	
40800	Taxes levied directly for/by transit agency	747,452
411:	State Revenue	
41101	State operating assistance	18,185
413:	Federal Revenue	
41301	Section 5311 Operating	293,920
Total Revenue		\$ 1,140,078

Other Supplemental Information
Nonurban County Regular Service Expense Report

Year Ended September 30, 2017

Code	Description	Operations	Maintenance	General Administration	Total
501:	Labor:				
50101	Operator salaries & wages	\$ -	\$ -	\$ -	\$ -
50102	Other salaries & wages	-	-	236,516	236,516
50103	Dispatchers' salaries & wages	-	-	-	-
502:	Fringe Benefits				
50200	Other fringe benefits	-	-	113,733	113,733
50201	Pension	-	-	7,130	7,130
50202	Other post retirement benefits	-	-	36,631	36,631
503:	Services				
50302	Advertising	-	-	18,700	18,700
50305	Audit costs	-	-	1,530	1,530
50399	Other	-	-	130,698	130,698
504:	Materials and supplies				
50401	Fuel and Lubricants	-	-	1,297	1,297
50402	Tires and tubes	-	-	20	20
50499	Other materials and supplies	-	-	24,246	24,246
505:	Utilities				
50500	Utilities	-	-	33,272	33,272
506:	Insurance				
50603	Liability insurance	-	-	47,858	47,858
50699	Other insurance	-	-	24,419	24,419
507:	Taxes and fees				
50700	Taxes and fees	-	-	31	31
508:	Purchased transportation services				
50800	Purchased transportation services	1,217,881	-	-	1,217,881
509:	Miscellaneous expenses				
50902	Travel, meetings & training	-	-	3,065	3,065
50903	Association dues & subscriptions	-	-	2,781	2,781
50999	Other miscellaneous expense	-	-	603	603
512:	Operating leases & rentals				
51200	Operating leases & rentals	-	-	1,475	1,475
513:	Depreciation				
51300	Depreciation	-	-	114,974	114,974
516:	Grant related Expenditures				
51600	Non Capitalized Grant Items	-	-	19,078	19,078
550:	Ineligible expenses				
55007	Ineligible depreciation	-	-	114,974	114,974
55010	Non Capitalized grant items	-	-	19,078	19,078
580:	Ineligible expenses				
58010	Ineligible DB Pension	-	-	(12,920)	(12,920)
58020	Ineligible DB OPEB	-	-	12,206	12,206

Capital Area Transportation Authority

**Other Supplemental Information
Nonurban County Regular Service Expense Report (Continued)**

Year Ended September 30, 2017

<u>Code</u>	<u>Description</u>	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total</u>
Total Expenses		1,217,881	-	818,057	2,035,938
Total Ineligible Expenses		-	-	133,338	133,338
Total Eligible Expenses		<u>\$ 1,217,881</u>	<u>\$ -</u>	<u>\$ 684,719</u>	<u>\$ 1,902,600</u>

Other Supplemental Information
Nonurban County Regular Service Nonfinancial Report

Year Ended September 30, 2017

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicles hours	16,550	234	-	16,784
611	Vehicle miles	408,227	4,190	-	412,417

Capital Area Transportation Authority

**Other Supplemental Information
Specialized Services Revenue Report**

Year Ended September 30, 2017

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401:	Fare Revenue	
40100	Passenger fares	\$ 4,308
411:	State Revenue	
41199	Other state contracts and reimbursements	<u>41,500</u>
Total Revenue		<u>\$ 45,808</u>

Other Supplemental Information
Specialized Services Expense Report

Year Ended September 30, 2017

Code	Description	Operations	Maintenance	General Administration	Total
501:	Labor:				
50101	Operator salaries & wages	\$ -	\$ -	\$ -	\$ -
50102	Other salaries & wages	-	-	10,603	10,603
50103	Dispatchers' salaries & wages	-	-	-	-
502:	Fringe Benefits				
50200	Other fringe benefits	-	-	5,099	5,099
50201	Pension	-	-	320	320
50202	Other post retirement benefits	-	-	1,642	1,642
503:	Services				
50302	Advertising	-	-	838	838
50305	Audit costs	-	-	69	69
50399	Other	-	-	5,859	5,859
504:	Materials and supplies				
50401	Fuel and Lubricants	-	-	58	58
50402	Tires and tubes	-	-	1	1
50499	Other materials and supplies	-	-	1,087	1,087
505:	Utilities				
50500	Utilities	-	-	1,492	1,492
506:	Insurance				
50603	Liability insurance	-	-	2,145	2,145
50699	Other insurance	-	-	1,095	1,095
507:	Taxes and fees				
50700	Taxes and fees	-	-	1	1
508:	Purchased transportation services				
50800	Purchased transportation services	93,326	-	-	93,326
509:	Miscellaneous expenses				
50902	Travel, meetings & training	-	-	137	137
50903	Association dues & subscriptions	-	-	125	125
50999	Other miscellaneous expense	-	-	27	27
512:	Operating leases & rentals				
51200	Operating leases & rentals	-	-	66	66
513:	Depreciation				
51300	Depreciation	-	-	5,154	5,154
516:	Grant related Expenditures				
51600	Non Capitalized Grant Items	-	-	855	855
550:	Ineligible expenses				
55007	Ineligible depreciation	-	-	5,154	5,154
55010	Non Capitalized grant items	-	-	855	855
580:	Ineligible expenses				
58010	Ineligible DB Pension	-	-	(579)	(579)
58020	Ineligible DB OPEB	-	-	547	547

Capital Area Transportation Authority

**Other Supplemental Information
Specialized Services Expense Report (Continued)**

Year Ended September 30, 2017

Total Expenses	93,326	-	36,674	130,000
Total Ineligible Expenses	<u>-</u>	<u>-</u>	<u>5,977</u>	<u>5,977</u>
Total Eligible Expenses	<u>\$ 93,326</u>	<u>\$ -</u>	<u>\$ 30,697</u>	<u>\$ 124,023</u>

Capital Area Transportation Authority

**Other Supplemental Information
Specialized Services Nonfinancial Report**

Year Ended September 30, 2017

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicles hours	2,048	-	-	2,048
611	Vehicle miles	15,747	-	-	15,747

Capital Area Transportation Authority

**Other Supplemental Information
Operating Assistance Calculation**

Year Ended September 30, 2017

	Urban	Nonurban
Total Expenses	49,687,577	2,035,936
Less: Ineligible expenses		
Noncapitalized grant purchases	372,682	19,078
Depreciation	6,752,318	114,974
Association dues	6,656	0
Preventative maintenance	765,000	0
Other ineligible	501,703	0
Pension adjustment	(941,272)	(12,920)
OPEB adjustment	889,267	12,206
Total Ineligible Expenses Per R&E Manual	8,346,354	133,338
Total State Eligible Expenses	41,341,223	1,902,598

Eligible Expenses for State Reimbursement	41,341,223	1,902,598
X Reimbursement Percentage	X 32.7790%	X 38.9955%
State Operating Assistance	13,551,239	741,928

Total Federal Eligible Expenses

Eligible Expenses for Federal Reimbursement	1,902,598
X Reimbursement Percentage	X 18.50%
State Operating Assistance	351,981

Capital Area Transportation Authority

**Other Supplemental Information
Schedule of Mileage Data**

Year Ended September 30, 2017

	Public Transportation Mileage	Purchased Transportation Mileage	Total Transportation Mileage
Linehaul:			
1st quarter	945,803	-	945,803
2nd quarter	942,806	-	942,806
3rd quarter	824,489	-	824,489
4th quarter	822,543	-	822,543
Total Linehaul	3,535,641	-	3,535,641
Demand Response			
1st quarter	226,621	493,660	720,281
2nd quarter	228,370	530,698	759,068
3rd quarter	212,737	523,119	735,856
4th quarter	205,226	516,177	721,403
Total Demand Response	872,954	2,063,654	2,936,608
Job Access Reverse Commute			
1st quarter	34,269	-	34,269
2nd quarter	33,477	-	33,477
3rd quarter	31,626	-	31,626
4th quarter	28,400	-	28,400
Total JARC	127,772	-	127,772
Nonurban County Regular Service			
1st quarter	-	106,503	106,503
2nd quarter	-	108,089	108,089
3rd quarter	-	100,771	100,771
4th quarter	-	97,054	97,054
Total Nonurban County	-	412,417	412,417
Nonurban County Specialized Services			
1st quarter	-	3,952	3,952
2nd quarter	-	4,023	4,023
3rd quarter	-	3,927	3,927
4th quarter	-	3,845	3,845
Total Nonurban County Spec Services	-	15,747	15,747
Total Operation	4,536,367	2,491,818	7,028,185

Other Supplemental Information
Schedule of Vehicle Hours and Passengers

Year Ended September 30, 2017

	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapped Passengers
Linehaul:				
1st quarter	71,495	2,351,764	-	339,927
2nd quarter	71,077	2,697,292	-	323,835
3rd quarter	60,267	1,588,363	-	339,081
4th quarter	60,115	1,598,603	-	343,203
Total Linehaul	<u>262,954</u>	<u>8,236,022</u>	-	<u>1,346,046</u>
Demand Response				
Regular				
1st quarter	19,286	18,064	3,710	20,600
2nd quarter	19,340	19,475	3,335	21,294
3rd quarter	17,997	14,614	3,479	20,925
4th quarter	17,613	12,226	3,941	19,716
Total Regular Demand Response	<u>74,236</u>	<u>64,379</u>	<u>14,465</u>	<u>82,535</u>
Purchased Transportation				
1st quarter	31,595	3,262	9,062	51,241
2nd quarter	35,430	3,973	9,461	55,615
3rd quarter	34,736	3,720	9,519	54,370
4th quarter	32,640	3,936	10,018	52,675
Total PT Demand Response	<u>134,401</u>	<u>14,891</u>	<u>38,060</u>	<u>213,901</u>
Job Access Reverse Commute				
1st quarter	2,813	2,932	162	2,141
2nd quarter	2,798	3,034	237	2,383
3rd quarter	2,773	2,234	404	2,630
4th quarter	2,751	1,814	334	2,584
Total JARC	<u>11,135</u>	<u>10,014</u>	<u>1,137</u>	<u>9,738</u>
Nonurban County Regular Service				
1st quarter	4,570	4,425	1,058	6,166
2nd quarter	4,262	4,224	1,161	5,770
3rd quarter	3,858	3,089	1,198	5,676
4th quarter	4,094	4,333	629	5,537
Total Nonurban County	<u>16,784</u>	<u>16,071</u>	<u>4,046</u>	<u>23,149</u>
Nonurban County Specialized Services				
1st quarter	512	239	1,722	241
2nd quarter	520	148	1,470	723
3rd quarter	512	197	1,763	328
4th quarter	504	202	1,649	240
Total Nonurban County Spec Services	<u>2,048</u>	<u>786</u>	<u>6,604</u>	<u>1,532</u>
Total Operation	<u><u>501,558</u></u>	<u><u>8,342,163</u></u>	<u><u>64,312</u></u>	<u><u>1,676,901</u></u>