



Connecting People Throughout
Kalamazoo County

March 15, 2024

Maner Costerisan
2425 E. Grand River Avenue, Suite 1
Lansing, MI 48912

This representation letter is provided in connection with your audit of the financial statements of the Central County Transportation Authority (the Authority), which comprise the respective financial position of the business-type activities and the aggregate remaining fund information as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 15, 2024, the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
10. In regards to the non-attest services performed by you as identified in the attached addendum, we have:
 - Made all management decisions and performed all management functions.
 - Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
 - a. Management,

- b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
 16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
 17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 18. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government - Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws, and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

27. As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
28. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
32. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
33. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
38. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
39. We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
40. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

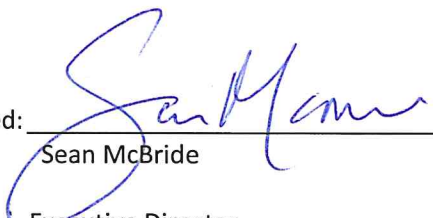
41. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
42. With respect to the supplementary information, we acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
43. With respect to federal award programs:
 - a. We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - d. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
 - e. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
 - f. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
 - g. We have received no requests from a federal agency to audit one or more specific programs as a major program.

- h. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- i. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j. We have disclosed to you the findings received and related corrective actions taken, if any, for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, if applicable.
- l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- n. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have charged costs to federal awards in accordance with applicable cost principles.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- u. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- w. We are responsible for taking corrective action on each audit finding, if any, of the compliance audit and have developed a corrective action plan, if applicable, that meets the requirements of the Uniform Guidance.

44. We have reviewed and accepted your proposed journal entries, if any, and understand the effects of these entries on our financial statements by reviewing the draft of the independent auditor's report and financial statements. We concur with the presentation of the data in those statements, including the footnotes and additional information.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustments to, or disclosure in, the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed: 
Sean McBride
Title: Executive Director

Signed: 
Cheryl Pesti
Title: Budget/Accounting Manager

ADDENDUM TO REPRESENTATION LETTER

As part of the audit engagement, you have requested our assistance with the following services. *Government Auditing Standards* considers these services as “non-attest” or “non-audit” services. Management is required to review, approve, and accept responsibility for any non-audit services we may perform.

- Preparation of the financial statements, including the related notes, required and additional supplementary information.
- Assistance with the preparation and submission of audit financial information required by law or regulation.
- Access to a secure portal for use in exchanging information electronically.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
KALAMAZOO, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and other
supplementary information)**

YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central County Transportation Authority
Kalamazoo, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Central County Transportation Authority (the Authority), a component unit of Kalamazoo County, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Central County Transportation Authority, as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Central County Transportation Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and historical pension system and other post-employment benefit system schedules, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 supplementary information, as listed in the table of contents, including the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, including the schedule of expenditures of federal and state awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the nonfinancial reports but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Authority, and do not purport to, and do not, present fairly the financial position of Kalamazoo County, as of September 30, 2023, the changes in financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024, on our consideration of the Central County Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Central County Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central County Transportation Authority's internal control over financial reporting and compliance.

Maney Costain PC

March 15, 2024

CENTRAL COUNTY TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Central County Transportation Authority (the "Authority"), we offer readers of the Central County Transportation Authority's basic financial statements this narrative for the year ended September 30, 2023. The intent of the management's discussion and analysis is to provide highlights of the Authority's financial activities. Readers are encouraged to read this section in conjunction with the basic financial statements.

USING THIS AUDIT REPORT

This annual audit report consists of this management's discussion and analysis report, the independent auditor's report, and the basic financial statements of the Authority, which include notes that explain in more detail some of the information in the financial statements. This report also contains other supplementary information in addition to the basic financial statements, as required by the State of Michigan.

Basic Financial Statements and Presentation

The basic financial statements presented by the Authority are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The operations of the Authority are accounted for in an enterprise fund, and the statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated, except for land and construction in progress, over their estimated useful lives.

The Statement of Net Position presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Improved financial position is indicated by increases in assets and deferred outflows of resources without corresponding increases to liabilities and deferred inflows of resources.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the year. This statement summarizes operating revenue and expenses, along with nonoperating revenue and expenses. In addition, this statement lists capital grant revenue received from federal, state, and local governments.

The Statement of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Refer to the footnotes of the basic financial statements for additional information on the measurement focus and basis of accounting.

FINANCIAL ANALYSIS - COMPARATIVE

The Central County Transportation Authority's total net position increased 14% from the previous fiscal year, increasing from \$36,138,339 to \$40,077,202. In a condensed format, the table below shows a comparison of the net position as of September 30, 2023, to the prior year September 30, 2022.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CONDENSED SUMMARY OF NET POSITION

	Sept. 30, 2023	Sept. 30, 2022
Current and Other Assets	\$ 20,584,065	\$ 27,797,339
Capital Assets, net	24,274,973	23,999,892
Total Assets	44,859,038	51,797,231
Deferred Outflows of Resources	5,721,643	1,505,849
Current Liabilities	4,490,658	3,055,298
Noncurrent Liabilities	5,495,496	4,655,527
Total Liabilities	9,986,154	7,710,825
Deferred Inflows of Resources	517,325	9,453,916
Net Position		
Investment in capital assets	24,274,973	23,999,892
Restricted	1,543,021	7,259,445
Unrestricted	14,259,208	4,879,002
Total Net Position	\$ 40,077,202	\$ 36,138,339

Significant variations between the 2022 financial information and the 2023 financial information include the following:

Current and Other Assets

Current and other assets decreased 26% due primarily to decreases in the Authority's net pension asset.

Capital Assets, Net of Depreciation

As of September 30, 2023, the Authority had capital assets with a historical cost of \$55,438,601. This is an increase of \$1,601,693 from the prior year, as the historical cost of acquisitions of capital assets exceeded that of disposals.

Deferred Outflows of Resources

The Authority's deferred outflows of resources increased approximately \$4.2 million primarily due to the increase in the net difference between projected and actual earnings on pension plan investments.

Noncurrent Liabilities

Noncurrent liabilities increased by \$840 thousand due to an increase in the Authority's net OPEB liability.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Deferred Inflows of Resources

Deferred inflows of resources decreased by \$8.9 million due primarily to changes in deferred inflows of resources related to the net difference between projected and actual earnings on pension plan investment and unamortized changes in assumptions related to the OPEB plan.

The Central County Transportation Authority Activities

In a condensed format, the following table shows a comparison of the revenues and expenses for September 30, 2023 and September 30, 2022. The Central County Transportation Authority's net position increased \$3,938,863 during the year ended September 30, 2023, meaning revenue exceeded expenses for the period. Operating revenues increased due to increased ridership, operating expenses increased approximately \$7.7 million primarily due to fluctuations in pension and OPEB related assets and liabilities; and nonoperating revenues/(expenses) increased approximately \$2 million primarily due to property taxes and operating and capital grant reimbursements.

CONDENSED SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>Sept. 30, 2023</u>	<u>Sept. 30, 2022</u>
Operating Revenue (Expenses)		
Operating revenues	\$ 2,116,845	\$ 1,874,130
Operating expenses	<u>(20,239,837)</u>	<u>(12,569,075)</u>
Operating Loss	<u>(18,122,992)</u>	<u>(10,694,945)</u>
Nonoperating Revenues (Expenses)		
Tax levy	5,474,611	5,005,102
Federal grants and reimbursements	3,586,786	3,264,425
State grants and reimbursements	4,608,798	5,586,106
Local grants and reimbursements	4,548,349	4,361,805
Investment income	307,406	10,452
Interest expense on long-term debt	(161,155)	(164,251)
Gain/(loss) on sale of capital assets	<u>(10,344)</u>	<u>5,853</u>
Total Nonoperating Revenues	<u>18,354,451</u>	<u>18,069,492</u>
Capital Grant Revenue	<u>3,707,404</u>	<u>3,113,932</u>
Change in Net Position	3,938,863	10,488,479
Net position - Beginning of Year	<u>36,138,339</u>	<u>25,649,860</u>
Net position - End of Year	<u>\$ 40,077,202</u>	<u>\$ 36,138,339</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors

The Central County Transportation Authority (CCTA) receives funding from passenger fares, property taxes, contract services, and state and federal assistance.

As of October 1, 2016, the CCTA became the operator of the public transit system when transferred from the City of Kalamazoo. The CCTA is the direct recipient of State and Federal transit grants. In March 2020, the urban communities in Kalamazoo County approved a renewal of the region-wide transit millage for 0.90 mills to continue funding for the CCTA. The CCTA will work in coordination with the Kalamazoo County Transportation Authority (KCTA) to oversee and fund the system. The KCTA has a voter-approved county-wide millage of .3124 mills which was approved in November of 2021. Under the terms of an Operating Agreement between the CCTA and KCTA, KCTA millage revenue is transferred to the CCTA to operate the public transportation system.

The CCTA receives significant operating assistance each year from the State of Michigan Comprehensive Transportation Fund. The sources of these funds include a portion of state gasoline taxes, vehicle related sales taxes, license fees and other taxes and fees. These funds are subject to legislative appropriation each year and the percentage of eligible expenses funded is subject to change during the year and subject to reconciliation and audit after the year has concluded.

Contacting the Central County Transportation Authority

This audit report is designed to provide our member jurisdictions, customers, investors, and creditors with a general overview of the Authority's finances. If you have questions concerning any of the information provided in this report, or if you need additional financial information, contact the Financial Director or the Executive Director at the following address:

Central County Transportation Authority
530 N. Rose Street
Kalamazoo, MI 49007
Phone: (269) 337-8087

BASIC FINANCIAL STATEMENTS

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

ASSETS	
Current assets	
Cash and cash equivalents	\$ 10,740,573
Accounts receivable	751,305
Taxes receivable	358,175
Due from other governmental units	6,225,922
Inventories	693,424
Prepays	<u>271,645</u>
Total current assets	<u>19,041,044</u>
Noncurrent assets	
Net pension asset	1,543,021
Capital assets not being depreciated	2,467,133
Capital assets, net of accumulated depreciation	<u>21,807,840</u>
Total noncurrent assets	<u>25,817,994</u>
TOTAL ASSETS	<u>44,859,038</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	4,672,170
Deferred outflows of resources related to OPEB	<u>1,049,473</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,721,643</u>
LIABILITIES	
Current liabilities	
Accounts payable	767,392
Accrued interest payable	53,544
Accrued wages payable	332,417
Other accrued expenses	115,343
Due to other governmental units	16,541
Unearned revenue	2,758,920
Current portion of long-term debt	105,462
Current portion of compensated absences	<u>341,039</u>
Total current liabilities	<u>4,490,658</u>
Noncurrent liabilities	
Net other post-employment benefits liability	1,894,871
Noncurrent portion of long-term debt	3,546,828
Noncurrent portion of compensated absences	<u>53,797</u>
Total noncurrent liabilities	<u>5,495,496</u>
TOTAL LIABILITIES	<u>9,986,154</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension	139,022
Deferred inflows of resources related to OPEB	<u>378,303</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>517,325</u>
NET POSITION	
Investment in capital assets	24,274,973
Restricted for pensions	1,543,021
Unrestricted	<u>14,259,208</u>
TOTAL NET POSITION	<u>\$ 40,077,202</u>

See accompanying notes to financial statements.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023**

OPERATING REVENUES	
Passenger fares	\$ 1,771,942
Other operating revenue	<u>344,903</u>
TOTAL OPERATING REVENUES	<u>2,116,845</u>
OPERATING EXPENSES	
	<u>20,239,837</u>
OPERATING (LOSS)	<u>(18,122,992)</u>
NONOPERATING REVENUES (EXPENSES)	
Taxes	5,474,611
Intergovernmental	
Federal sources	3,586,786
State sources	4,608,798
Local sources	4,548,349
Interest income	307,406
Interest expense	(161,155)
Loss on sale of capital assets	<u>(10,344)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>18,354,451</u>
NET INCOME BEFORE CAPITAL GRANT REVENUE	<u>231,459</u>
CAPITAL GRANT REVENUE	
Intergovernmental	
Federal sources	2,965,922
State sources	<u>741,482</u>
TOTAL CAPITAL GRANT REVENUE	<u>3,707,404</u>
CHANGE IN NET POSITION	3,938,863
Net position, beginning of year	<u>36,138,339</u>
Net position, end of year	<u><u>\$ 40,077,202</u></u>

See accompanying notes to financial statements.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 1,726,718
Other operating cash receipts	344,903
Cash paid to suppliers	(10,097,202)
Cash paid for employee benefits	(4,085,318)
Cash paid to employees	<u>(5,954,021)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(18,064,920)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payment on borrowings	(102,546)
Interest paid on long-term debt	(162,200)
Taxes received	5,560,047
Intergovernmental sources received	<u>13,791,401</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>19,086,702</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital purchases	(3,521,684)
Proceeds on sale of capital assets	12,581
Capital grants received	<u>3,774,545</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>265,442</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>307,406</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,594,630
Cash and cash equivalents, beginning of year	<u>9,145,943</u>
Cash and cash equivalents, end of year	<u>\$ 10,740,573</u>
Reconciliation of operating (loss) to net cash (used) by operating activities	
Operating (loss)	\$ (18,122,992)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	3,223,678
(Increase) decrease in:	
Accounts receivable	(45,224)
Inventories	(189,277)
Prepays	140,639
Deferred outflows of resources related to pensions	(3,655,630)
Deferred outflows of resources related to OPEB	(560,164)
Net pension asset	9,104,951
Increase (decrease) in:	
Accounts payable	(46,491)
Accrued wages payable	25,087
Other accrued expenses	41,684
Net other post-employment benefits liability	944,823
Deferred inflows of resources related to pensions	(4,266,045)
Deferred inflows of resources related to OPEB	(4,670,546)
Compensated absences	<u>10,587</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (18,064,920)</u>

See accompanying notes to financial statements.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023**

	<u>Pension and Other Post- Employment Benefits Trusts</u>
ASSETS	
Cash	\$ 1,417,716
Investments	
U.S. Treasuries	1,702,291
Corporate bonds	3,579,931
Collateralized mortgage obligations	2,726,971
Equity mutual funds	24,009,261
Real estate mutual funds	1,694,257
Other pooled investments	<u>4,135</u>
Total investments	<u>33,716,846</u>
TOTAL ASSETS	<u>35,134,562</u>
NET POSITION	
Restricted for:	
Pension	33,727,401
OPEB	<u>1,407,161</u>
TOTAL NET POSITION	<u><u>\$ 35,134,562</u></u>

See accompanying notes to financial statements.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Pension and Other Post- Employment Benefits Trusts</u>
ADDITIONS TO NET POSITION	
Investment income	
Change in fair value of investments	\$ 3,402,555
Interest and dividends	<u>1,055,829</u>
Total investment income	4,458,384
Less investment expense	<u>(101,382)</u>
Net investment income	<u>4,357,002</u>
Contributions	
Employer	384,715
Plan members	<u>96,902</u>
Total contributions	<u>481,617</u>
Total additions to net position	<u>4,838,619</u>
DEDUCTIONS FROM NET POSITION	
Benefits paid	1,731,147
Refund of contributions	22,266
Other expenses	<u>37,994</u>
Total deductions from net position	<u>1,791,407</u>
CHANGE IN PLAN NET POSITION	3,047,212
Net position - beginning of year	<u>32,087,350</u>
Net position - end of year	<u><u>\$ 35,134,562</u></u>

See accompanying notes to financial statements.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Central County Transportation Authority (the Authority), was established under the applicable laws of the State of Michigan Public Act 196 of 1986, as amended, is governed by an eleven-member board of directors appointed by the County of Kalamazoo, Michigan (the County) Board. The Authority is not required to receive the approval of the County Board before issuing debt and may levy a tax on all of the taxable property within the jurisdictional limits/boundaries of the Authority, for transportation purposes, with the approval of the registered electors residing in the jurisdictional limits/boundaries.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of significant accounting policies is as follows:

Reporting Entity

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of the Authority. As required by accounting principles generally accepted in the United States of America, these financial statements present all financial activities of the Authority. The Authority has no activities that would be classified as component units.

Basis of Presentation

The accounts of the Authority are organized on the basis of funds which are considered separate accounting entities. The fund financial statements provide information about the Authority's funds, including its fiduciary funds. Separate statements for each fund category (proprietary and fiduciary) are presented. The Authority reports the following funds:

PROPRIETARY FUND

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

Pension Trust Fund - This fund accounts for the activities of the pension trust, which accumulates resources held in trust for pension payments to qualified beneficiaries.

OPEB Trust Fund - This fund accounts for the activities of the other post-employment benefits trust, which accumulates resources held in trust for other post-employment benefit payments to qualified beneficiaries.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues 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 revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Cash Equivalents, and Investments

The Authority's cash and cash equivalents consists of governmental checking and money market accounts. Investments are reported at fair value. Investments consist of pension fund securities.

The Authority is authorized to invest any of its funds in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which it maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Cash, Cash Equivalents, and Investments (continued)

- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Receivables/Due From Other Governmental Units

Accounts receivable and due from other governmental units consist of amounts due for charges for services and various financial assistance programs, respectively.

Inventories

Inventories consist of repair parts, supplies, and fuel and are valued at cost, on a first-in, first-out basis, which approximates fair value.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets, Depreciation, and Long-Term Liabilities

Capital assets are those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Property and equipment are recorded at cost or, if donated, at their estimated acquisition cost on the date donated. Depreciation on such capital assets is recorded on a straight-line basis over the estimated useful lives of the assets as defined in the R&E (Revenue and Expense) Manual and/or as approved by OPT (Office of Passenger Transportation). Costs of maintenance and repairs are charged to expense when incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	5 - 50 years
Building and building improvements	50 years
Vehicles	4 - 10 years
Office equipment	6 - 10 years
Machinery and equipment	3 - 10 years
Intangibles	3 - 10 years

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as defined in the Revenue and Expense (R&E) Manual published by the Michigan Department of Transportation (MDOT) and/or as approved by the Office of Passenger Transportation (OPT).

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Capital Assets, Depreciation, and Long-Term Liabilities (continued)

The eligible depreciation for the year ended September 30, 2023 of \$61,138 (\$3,223,678 total depreciation reported in Operating Assistance Report (OAR) code 51300 for both Urban and Nonurban less ineligible depreciation of \$3,162,540 reported in OAR code 55007 Ineligible Depreciation) includes only the depreciation of assets purchased with local funds and where the useful life of the asset purchased has been approved by OPT.

Long-term liabilities are recognized in the basic financial statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that it is estimated will be taken as "termination leave" prior to retirement.

Unearned Revenue

Certain receipts from the State of Michigan reflect revenue applicable to future accounting periods and are recorded as unearned revenue.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority has several items that qualify for reporting in these categories. These items correspond to the Authority's net pension asset and net OPEB liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

Cost Allocations

The Authority has two cost allocation plans where the methodology has been approved by the OPT. Those cost allocations are for urban and nonurban service, and Kalamazoo Transportation Center lease. These cost allocation plans were adhered to in the preparation of the financial statements.

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

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Explanation of Ineligible Expenses per the OPT R&E Manual

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Any capital money used to pay for operating expenses is subtracted out as ineligible expense and no expenses previously paid with capital money are included in expenses to be reimbursed. All costs associated with earning nontransportation revenue have been subtracted out as ineligible expenses. Eligible pension and other post-employment benefits include only amounts actually expensed on the books and paid with out-of-pocket money (e.g., not actuarial gains). All ineligible expenses, as required by OPT's R&E manual, have been reported.

Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

CENTRAL COUNTY TRANSPORTATION AUTHORITY (EXCEPT PENSION AND OPEB PLANS)

As of September 30, 2023, the Authority had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of September 30, 2023, \$10,213,934 of the Authority's bank balance of \$10,713,934 was exposed to custodial credit risk because it was not covered by federal depository insurance. The Authority's carrying value on the books for deposits at the end of the year was \$10,100,190. The Authority had \$165,871 on deposit with an agent and \$700 of imprest cash at September 30, 2023.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not specifically address this risk. The Authority's management 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 level risk level are used as depositories.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

CENTRAL COUNTY TRANSPORTATION AUTHORITY (EXCEPT PENSION AND OPEB PLANS) (continued)

Interest Rate Risk

The Authority's investment policy does not address interest rate risk which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates.

	Fair Value	Weighted Average Maturity
Michigan CLASS	\$ 473,812	49 days

Concentration of Credit Risk

The Authority's investment policy does not indicate how the Authority will minimize the concentration of credit risk, which is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer.

	Fair Value	Rating	Rating Agency
Michigan CLASS	\$ 473,812	AAAm	Standard & Poor's

Foreign Currency Risk

The Authority is not authorized to invest in investments which have this type of risk.

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.

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

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

CENTRAL COUNTY TRANSPORTATION AUTHORITY (EXCEPT PENSION AND OPEB PLANS) (continued)

Investments in Entities that Calculate Net Asset Value per Share

The Authority holds shares in the Michigan CLASS investment pool where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At September 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Proprietary Fund				
Michigan CLASS	<u>\$ 473,812</u>	<u>\$ -</u>	No restrictions	None

PENSION AND OPEB PLANS

The deposits and investments of the Central County Transportation Authority Pension Plan (the Pension Plan) have been pooled with those of the City of Kalamazoo Employees' Retirement System (the System). The purchases, maturities, and investment performance are allocated between the Pension Plan and the System based on the fair value of their respective investments.

As of September 30, 2023, the Pension Plan had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Pension Plan's deposits may not be returned to it. Checking or other demand/time deposit accounts are not maintained. Amounts reported as cash and cash equivalents in the statement of plan net position include cash and short-term investments in money market accounts held by the investment managers. These accounts are insured by the Securities Investors Protection Corporation for up to \$500,000 each. The carrying amount of these accounts as of September 30, 2023, was \$10,555, which was fully insured.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

PENSION AND OPEB PLANS (continued)

Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Pension Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The System's Investment Committee is responsible for recommending the investment policies and strategies, and retaining/monitoring the various investment managers, trustees, advisors, actuaries, and other fiduciaries utilized by the System. The Authority Board is responsible for approving the recommendations of the Investment Committee. All investment decisions are subject to Michigan law and the investment policy established by the Authority Board.

The adopted asset allocation policy as of September 30, 2023, is as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Small Cap (Manager 1)	5.00%	4.13%
U.S. Small Cap (Manager 2)	10.00%	4.13%
International Developed Equity	10.00%	3.43%
U.S. Large Cap (Manager 1)	30.00%	3.63%
U.S. Large Cap (Manager 2)	5.00%	3.63%
Emerging Markets	10.00%	5.73%
Domestic Fixed Income	25.00%	2.03%
Real Estate (Manager 1)	2.50%	3.43%
Real Estate (Manager 2)	2.50%	3.43%

The Pension Plan's investments are held in nine portfolios administered by five investment managers. Following is a summary of the portfolio's investments as of September 30, 2023:

U.S. Treasuries	\$ 1,702,291
Corporate bonds	3,579,931
Collateralized mortgage obligations	2,726,971
Equity mutual funds	24,009,261
Real estate mutual funds	1,694,257
Other pooled investments	<u>4,135</u>
Total investments	<u>\$ 33,716,846</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

PENSION AND OPEB PLANS (continued)

Investments (continued)

As of September 30, 2023, the carrying amount and fair value for each investment are as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Federal Home Loan	\$ -	\$ 1,163,551	\$ -	\$ 1,163,551
Fannie Mae	-	1,390,494	-	1,390,494
Ginnie Mae	-	172,926	-	172,926
U.S. Treasury Notes	-	1,702,291	-	1,702,291
Corporate bonds	-	3,579,931	-	3,579,931
Equity mutual funds	24,009,261	-	-	24,009,261
Real estate mutual funds	1,694,257	-	-	1,694,257
Other pooled investments	4,135	-	-	4,135
	<u>\$ 25,707,653</u>	<u>\$ 8,009,193</u>	<u>\$ -</u>	<u>\$ 33,716,846</u>

Investments in Entities that Calculate Net Asset Value per Share

The OPEB Trust Fund holds shares in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

At September 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Fiduciary Funds				
MERS total market portfolio	<u>\$ 1,407,161</u>	<u>\$ -</u>	No restrictions	None

Custodial Credit Risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Pension Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Plan's investment policy does not address custodial credit risk. Although uninsured and unregistered, the portfolio's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the Pension Plan's name. Short-term investments in money market funds and investments in mutual funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

PENSION AND OPEB PLANS (continued)

Credit Risk

The Pension Plan's investment policy provides that its investments in bonds must be rated in the top four major investment grades as determined by two nationally recognized statistical rating organizations. As of September 30, 2023, the portfolio's investments in fixed income securities were rated by Standard & Poor's and Moody's as follows:

<u>Standard & Poor's</u>	<u>U.S. Agencies</u>	<u>Corporate Bonds</u>	<u>CMO</u>	<u>Other Pooled Investments</u>
AAA	\$ -	\$ 529,857	\$ -	\$ -
AA	-	126,182	-	-
A	-	999,378	-	-
BBB	-	1,079,500	-	-
Not rated	1,702,291	845,014	2,726,971	4,135
	<u>\$ 1,702,291</u>	<u>\$ 3,579,931</u>	<u>\$ 2,726,971</u>	<u>\$ 4,135</u>
<u>Moody's</u>	<u>U.S. Agencies</u>	<u>Corporate Bonds</u>	<u>CMO</u>	<u>Other Pooled Investments</u>
Aaa	\$ 1,702,291	\$ 696,714	\$ 2,726,971	\$ -
Aa	-	185,629	-	-
A	-	1,299,382	-	-
Baa	-	703,041	-	-
Ba	-	5,651	-	-
Not Rated	-	689,514	-	4,135
	<u>\$ 1,702,291</u>	<u>\$ 3,579,931</u>	<u>\$ 2,726,971</u>	<u>\$ 4,135</u>

Concentration of Credit Risk

The Pension Plan's investment policy requires that the securities of any one company or government agency should not exceed 5% of the total fund. At September 30, 2023, the portfolio's investments were within that range.

The Pension Plan's investment policy and State statutes provide that no more than 70% of the total investments may be in equity holdings and no more than 5% in real estate. As of September 30, 2023, equity holdings accounted for 71% of the total investment portfolio; the holdings in real estate were 5% at September 30, 2023.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

PENSION AND OPEB PLANS (continued)

Interest Rate Risk

For investments, the risk that changes in interest rates will adversely affect the fair value of the investment is known as interest rate risk. The Pension Plan's investment policy does not address interest rate risk. As of September 30, 2023, maturities of the portfolio's debt securities were as follows:

	Fair Value	Investment Maturities (Fair Value by Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 1,702,291	\$ -	\$ 947,903	\$ -	\$ 754,388
Corporate bonds	3,579,931	471,357	1,770,420	555,895	782,259
Collateralized mortgage obligations	2,726,971	-	28,372	6,018	2,692,581
	<u>\$ 8,009,193</u>	<u>\$ 471,357</u>	<u>\$ 2,746,695</u>	<u>\$ 561,913</u>	<u>\$ 4,229,228</u>

Derivatives

The Pension Plan's investment policy permits the prudent use of derivatives to reduce portfolio risk and enhance investment return. Under the terms of the investment agreements, portfolio managers are required to report all derivative holdings on a quarterly basis. The Investment Committee monitors these reports to evaluate the Pension Plan's exposure to credit, market, and legal risk.

The portfolios managed by Jennison Associates have utilized U.S. currency futures contracts, a type of derivative, to reduce overall portfolio volatility caused by interest rate risk. At September 30, 2023, the portfolio had no U.S. currency futures contracts.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension Plan's exposure to foreign currency risk derives from its positions in foreign currency-denominated fixed income investments. The Pension Plan's investment policy permits it to invest up to 10% of total investments in foreign currency-denominated investments.

The Pension Plan's exposure to foreign currency risk in U.S. dollars as of September 30, 2023, is summarized below:

<u>Currency</u>	<u>Fixed Income</u>
Canadian Dollar	\$ 96,286
Euro	82,439
Singapore Dollar	40,616
British Pound Sterling	89,918
	<u>\$ 309,259</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units at September 30, 2023, by grant type and grant award year are as follows:

Federal Section 5307 Capital - FY 2012	\$	9,384
Federal Section 5307 Capital - FY 2019		30,666
Federal Section 5307 Capital - FY 2021		104,104
Federal Section 5307 Capital - FY 2022		3,703
Federal Section 5339 Capital - FY 2019		9,499
Federal Section 5339 Capital - FY 2022		1,685
Federal Section 5310 Operating - FY 2019		1,811
Federal Section 5310 Operating - FY 2022		8,348
Federal Section 5311 Operating - FY 2022		16,852
Federal Section 5307 Operating - FY 2020		1,700,000
Federal Section 5307 Operating - FY 2021		1,450,000
Federal Section 5307 Operating - FY 2022		1,200,000
Federal Section 5307 Operating - FY 2023		1,000,000
State Operating Assistance - FY 2023		20,378
Specialized Services		11,831
Kalamazoo County Transportation Authority		<u>657,661</u>
Total	\$	<u><u>6,225,922</u></u>

Due to other governmental units at September 30, 2023, by grant type and grant award year are as follows:

City of Kalamazoo	\$	<u><u>16,541</u></u>
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**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance Oct. 1, 2022	Additions	Deletions	Balance Sept. 30, 2023
Capital assets not being depreciated				
Land	\$ 2,012,631	\$ -	\$ -	\$ 2,012,631
Construction in progress	28,291	426,211	-	454,502
Subtotal	<u>2,040,922</u>	<u>426,211</u>	<u>-</u>	<u>2,467,133</u>
Capital assets being depreciated				
Building and improvements	18,601,613	15,926	-	18,617,539
Land improvements	398,736	-	(69,700)	329,036
Machinery and equipment	2,458,921	-	(183,957)	2,274,964
Office furniture and equipment	963,817	16,084	(191,106)	788,795
Vehicles	26,338,667	3,052,113	(1,466,228)	27,924,552
Intangible assets	3,034,232	11,350	(9,000)	3,036,582
Subtotal	<u>51,795,986</u>	<u>3,095,473</u>	<u>(1,919,991)</u>	<u>52,971,468</u>
Less accumulated depreciation for:				
Building and improvements	(9,906,653)	(419,224)	-	(10,325,877)
Land improvements	(319,428)	(8,499)	69,700	(258,227)
Machinery and equipment	(2,052,212)	(109,800)	183,957	(1,978,055)
Office furniture and equipment	(762,532)	(72,949)	191,106	(644,375)
Vehicles	(13,944,159)	(2,471,477)	1,449,152	(14,966,484)
Intangible assets	(2,852,032)	(141,729)	3,151	(2,990,610)
Subtotal	<u>(29,837,016)</u>	<u>(3,223,678)</u>	<u>1,897,066</u>	<u>(31,163,628)</u>
Net capital assets being depreciated	<u>21,958,970</u>	<u>(128,205)</u>	<u>(22,925)</u>	<u>21,807,840</u>
Capital assets, net	<u>\$ 23,999,892</u>	<u>\$ 298,006</u>	<u>\$ (22,925)</u>	<u>\$ 24,274,973</u>

When Federal or State funded assets are withdrawn from public transportation service, the disposition of the assets is to be determined by the United States Department of Transportation (USDOT) and the Michigan Department of Transportation (MDOT). During the year ended September 30, 2023 Central County Transportation Authority disposed of assets that were Federally and State funded with a historical cost of \$1,826,080 and accumulated depreciation of \$1,823,931. Depreciation expense in the amount of \$3,223,678 was reported for the year ended September 30, 2023.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the Authority for the year ended September 30, 2023:

	Balance Oct. 1, 2022	Additions	Deletions	Balance Sept. 30, 2023	Amounts Due Within One Year
Other debt					
2015 OPEB bonds	\$ 3,754,836	\$ -	\$ (102,546)	\$ 3,652,290	\$ 105,462

Significant details regarding the outstanding long-term obligation (including the current portion) are presented below:

\$4,420,413 Limited Tax General Obligation Bonds dated January 7, 2015, due in annual installments ranging from \$105,462 to \$254,421 through December 1, 2045, with interest ranging from 3.057% to 4.670%, payable semi-annually. \$ 3,652,290

The annual requirements to pay the debt principal and interest outstanding for the above bonds payable are as follows:

Year Ending September 30,	Other Debt	
	Principal	Interest
2024	\$ 105,462	\$ 158,941
2025	108,864	155,423
2026	112,509	151,623
2027	116,640	147,488
2028	120,771	142,967
2029-2033	682,830	633,429
2034-2038	846,126	465,357
2039-2043	1,061,667	244,614
2044-2045	497,421	23,496
	<u>\$ 3,652,290</u>	<u>\$ 2,123,338</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - COMPENSATED ABSENCES

Compensated absences activity for the year ended September 30, 2023, was as follows:

	Balance Oct. 1, 2022	Additions	Deletions	Balance Sept. 30, 2023	Amounts Due Within One Year
Compensated absences	\$ 384,249	\$ 583,108	\$ (572,521)	\$ 394,836	\$ 341,039

In accordance with the Central County Transportation Authority’s personnel policies and/or contracts negotiated with the various employee groups of the Authority, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$394,836 for vacation and sick at September 30, 2023. The amounts of \$341,039 and \$53,797 have been reported as current and noncurrent liabilities, respectively.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Administration

The Central County Transportation Authority Pension Plan (the Plan) is a single-employer defined benefit contributory plan which provides pension, disability, and death benefits to all full-time employees and some part-time employees of the Central County Transportation Authority (the Authority).

The Plan was established by the Authority on October 1, 2016 and is maintained as a Pension Trust Fund in the Authority’s financial statements. The Plan is administered by the Central County Transportation Authority Pension Plan Board of Trustees. The Board consists of the Executive Director of the Authority, two members of the Authority Board of Directors, the Deputy Director for Support Services of the Authority, and the Chief Financial Officer of the City of Kalamazoo. Plan benefit provisions were established and may be amended under the authority of the Board of Trustees. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the Board of Directors of the Central County Transportation Authority. The Plan does not issue a publicly available financial report.

Plan Membership

At December 31, 2022, pension plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	11
Active employees	106
Total employees covered by the plan	197

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided

A brief summary of the benefit provisions as of December 31, 2022, are as follows:

Benefit Groups:

Exempt Employees (Non-Union)
Amalgamated Transit Union (ATU)
Kalamazoo Municipal Employees Association (KMEA)

Final Average Compensation (FAC): Highest three consecutive years out of the last ten.

Benefit Multiplier: Varies by Benefit Group

Non-Union: 2.3% of FAC
ATU: 2.1% of FAC
KMEA: 2.1% of FAC

Normal Retirement:

Non-Union Eligibility:

Hired Prior to 9/1/2010: Age 62 with 5 years of service or age 57 with 25 years of service

Hired on or After 9/1/2010: Age 62 with 10 years of service or age 57 with 25 years of service

ATU Eligibility: Age 62 with 10 years of service or age 57 with 25 years of service

KMEA Eligibility:

Hired Prior to 1/1/2009: Age 62 with 8 years of service or age 57 with 25 years of service

Hired on or After 1/1/2009: Age 62 with 10 years of service or age 57 with 25 years of service

Amount of Benefit: Benefit Multiplier x FAC x Years of Credited Service

Early Retirement:

Non-Union Eligibility:

Hired Prior to 9/1/2010: Age 60 with 5 years of service or rule of 70 with minimum age 55

Hired on or After 9/1/2010: Age 60 with 10 years of service or rule of 70 with minimum age 55

ATU Eligibility: Age 60 with 10 years of service or rule of 70 with minimum age 55

KMEA Eligibility:

Hired Prior to 1/1/2009: Age 60 with 8 years of service or rule of 70 with minimum age 55

Hired on or After 1/1/2009: Age 60 with 10 years of service or rule of 70 with minimum age 55

Amount of Benefit: Normal Retirement Benefit reduced for early commencement

Amount of Reduction: 4/10 of 1% for each month retirement is prior to age 62 (from age 57 if retired with 25 or more years of credited service)

Deferred Vested Retirement:

Eligibility: Satisfaction of the service requirement for Early Retirement

Amount of Benefit: Normal Retirement Benefit based upon FAC and years of credited service at termination

Commencement of Benefit: Upon attainment of minimum age requirement for Normal Retirement

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided (continued)

Disability Retirement:

Eligibility: Satisfaction of the minimum service requirement for Early Retirement

Amount of Benefit: Normal Retirement Benefit based upon FAC and years of credited service at termination

Duty Disability Special Conditions:

1. Minimum service requirement is waived
2. Benefit Minimum is Normal Retirement Benefit based upon FAC at termination and the minimum service requirement for a non-duty disability retirement

Death Retirement:

Eligibility: Satisfaction of the minimum service requirement for Early Retirement

Amount of Benefit: Normal Retirement Benefit based upon FAC and years of credited service at termination, reduced in accordance with a 100% joint and survivor election

Duty Death Special Conditions:

1. Minimum service requirement is waived
2. Benefit Minimum is:
 - a. 33 1/3% of FAC payable to surviving spouse; plus
 - b. Unmarried children under 18 years of age receive equal shares of 25% of FAC

Annual Pension Adjustment:

Non-Union:

Eligibility: Members making election by May 30, 2006, who make increased member contributions annually

Amount of Increase: 1.5% compounded annually granted on the anniversary of retirement.

Increases are granted on January 1 annually, following one full year of retirement

ATU:

Eligibility: Retired on or after March 1, 2000. Participants retiring before the Normal Retirement Date are excluded

Amount of Increase: 1.0% compounded annually granted on the anniversary of retirement.

Upon attainment of age 75, increases are 2.0% compounded annually

KMEA:

Eligibility: Retired on or after March 13, 2000. Participants retiring before the Normal Retirement Date are excluded

Amount of Increase: 1.5% compounded annually granted on the anniversary of retirement.

Increases begin the later of attainment of age 64 or the first anniversary of the date of retirement

Member Contributions:

Non-Union Amount: Varies by date of hire. Members electing the annual pension adjustment by May 30, 2006, pay additional 2.0% above the 1.5% of compensation

Hired before 6/1/2006: 1.5% of compensation

Hired on or after 6/1/2006: 3.0% of compensation

ATU Amount: 1% of compensation

KMEA Amount: 1% of compensation

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided (continued)

Periodic Payment:

Description: Subject to section 15.5 of the CCTA Pension Plan document, certain retirees are eligible for a nonguaranteed payment, with a potential payment every third year. The payment is subject to additional requirements related to the need for projected employer contributions to the Plan and can be reduced or eliminated based on CCTA Board recommendation.

Contributions

Required non-union member contributions vary by date of hire. Non-union members hired before June 1, 2006, are required to contribute 1.5% of their compensation. Non-union members hired on or after June 1, 2006, are required to pay 3.0% of their compensation. Members electing the annual pension adjustment by May 30, 2006, pay an additional 2.0% above the 1.5% rate. ATU and KMEA members are required to contribute 1.0% of their compensation. The employer is required to contribute such additional amounts, as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. The Authority contributed \$134,715 for the year ended September 30, 2023.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.60%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset

The net pension asset reported at September 30, 2023 was determined using a measure of the total pension liability and the pension net position as of December 31, 2022. The December 31, 2022, total pension liability was determined by an actuarial valuation performed as of December 31, 2021.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at December 31, 2021	\$ 29,001,971	\$ 39,649,943	\$ (10,647,972)
Changes for the year			
Service cost	695,803	-	695,803
Interest on total pension liability	1,994,722	-	1,994,722
Difference between expected and actual experience	1,575,513	-	1,575,513
Benefit payments, including employee refunds	(1,707,696)	(1,707,696)	-
Employer contributions	-	8,966	(8,966)
Employee contributions	-	86,800	(86,800)
Net investment loss	-	(4,896,135)	4,896,135
Other	-	(38,544)	38,544
Net changes	2,558,342	(6,546,609)	9,104,951
Balances at December 31, 2022	\$ 31,560,313	\$ 33,103,334	\$ (1,543,021)

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended December 31, 2022, the Authority recognized pension expense of \$1,317,991. As of September 30, 2023, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,445,688	\$ 139,022
Changes in assumptions	438,312	-
Net difference between projected and actual earnings on pension plan investments	2,653,455	-
Contributions subsequent to measurement date*	134,715	-
Total	\$ 4,672,170	\$ 139,022

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the net pension asset for the year ending September 30, 2024.

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

Year Ending September 30,	Pension Expense
2024	\$ 455,717
2025	1,024,152
2026	1,042,015
2027	1,852,686
2028	23,863

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods including in the measurement:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and 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.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions (continued)

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Open Period
Remaining Amortization Period	10 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.25% (which includes price inflation of 2.25%)
Salary Increases	3.25% to 10.25% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2009 - 2013.
Mortality	The Pub-2010 Amount-Weighed, General, Male and Female tables, with future mortality improvements projected to 2025 using scale MP-2019.

Changes in Assumptions

No significant changes in assumptions noted.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Small Cap (Manager 1)	5.00%	4.13%
U.S. Small Cap (Manager 2)	10.00%	4.13%
International Developed Equity	10.00%	3.43%
U.S. Large Cap (Manager 1)	30.00%	3.63%
U.S. Large Cap (Manager 2)	5.00%	3.63%
Emerging Markets	10.00%	5.73%
Domestic Fixed Income	25.00%	2.03%
Real Estate (Manager 1)	2.50%	3.43%
Real Estate (Manager 2)	2.50%	3.43%
Total	<u>100.00%</u>	

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

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

The following presents the Authority's net pension (asset) liability, calculated using the discount rate of 7.00%, as well as what the Authority's net pension (asset) liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total pension liability	\$ 35,306,298	\$ 31,560,313	\$ 28,413,371
Plan fiduciary net position	33,103,334	33,103,334	33,103,334
Net pension (asset) liability	\$ 2,202,964	\$ (1,543,021)	\$ (4,689,963)

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Authority participates in the City of Kalamazoo Postretirement Welfare Benefits Plan (the "Plan"), a cost sharing multi-employer defined benefit other post-employment benefit plan administered by the City of Kalamazoo Other Post-Employment Benefits Trust Fund Trustee. Employee contribution requirements were established and may be amended subject to collective bargaining agreements and approval by the respective employers. Plan benefit provisions were established and may be amended under the authority of the respective employers. The Plan issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to the City of Kalamazoo Other Post-Employment Benefits Trust, 241 W. South Street, Kalamazoo, MI 49007.

The Authority has also established a trust fund with the Municipal Employees' Retirement System of Michigan (MERS) for the purpose of making additional contributions to fund the liability for post-employment benefits. This fund is maintained as an OPEB Trust Fund in the Authority's financial statements.

Benefits Provided

The Plan provides medical benefits to eligible retirees and their spouses.

Contributions

Plan members are not required to contribute to the Plan based on covered payroll. The employers are required to contribute such amounts, as necessary, based on actuarial determinations, to provide assets sufficient to pay for member benefits. For the year ended December 31, 2022, the actuarially determined contributions for the employers were \$3,157,096 and actual employer contributions were \$3,500,000.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Investment Policy

The Michigan Public Employees Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Plan's Trustee is responsible for recommending to the respective governing bodies the investment policies and strategies, and retaining/monitoring the various investment managers, trustees, advisors, actuaries, and other fiduciaries utilized by the Plan. The respective governing bodies are responsible for approving the recommendations of the Plan's Trustee. All investment decisions are subject to Michigan law and the investment policy established by the respective governing bodies. As City of Kalamazoo OPEB Trust Fund and Employees' Retirement System assets are commingled for investment purposes, the Plan's Trustee has adopted the policies, strategies, and approaches used by the Employees' Retirement System's Investment Committee.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Small Cap (Manager 1)	5.00%	4.13%
U.S. Small Cap (Manager 2)	10.00%	4.13%
International Developed Equity	10.00%	3.43%
U.S. Large Cap (Manager 1)	30.00%	3.63%
U.S. Large Cap (Manager 2)	5.00%	3.63%
Emerging Markets	10.00%	5.73%
Domestic Fixed Income	25.00%	2.03%
Real Estate (Manager 1)	2.50%	3.43%
Real Estate (Manager 2)	2.50%	3.43%
Total	<u>100.00%</u>	

Summary of Significant Accounting Policies

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported for the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.5% (which includes price inflation of 2.25%)
Salary Increases	3.5% to 15.5%, including inflation
Investment Rate of Return	7.25%, net of OPEB plan investment expense
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables Healthy Post-Retirement: The Pub-2010 Amount-Weighted, General, Health Retiree, Male and Female tables Disability Retirement: The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female All tables above include future mortality improvements projected to 2025 using scale MP-2019
Health Care Trend Rates	Pre-65: 7.50% trend for the first year, gradually decreasing to 3.5% in year 12 Post-65: 6.25% trend for the first year, gradually decreasing to 3.5% in year 12 Medicare Part B: 5.50% trend for the first year, gradually decreasing to 3.5% in year 12
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

Changes in Assumptions

Updates to the health care cost trend assumptions for Medicare Part B.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2023, the Authority reported a liability of \$1,894,871 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of December 31, 2021 and rolled-forward using generally accepted actuarial procedures. The Authority's proportion of the net OPEB liability was based on the present value of future benefits. At December 31, 2022, the Authority's proportion was 6.248%.

	Dec. 31, 2022
Total OPEB Liability	\$ 132,219,010
Plan Fiduciary Net Position	101,891,367
Net OPEB Liability	30,327,643
Proportionate Share	6.248%
Net OPEB Liability for the Authority	\$ 1,894,871

For the year ended December 31, 2022, the Authority recognized an OPEB benefit of \$4,061,056.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 193,687	\$ -
Differences between expected and actual experience	-	378,303
Net difference between projected and actual earnings on plan investments	547,918	-
Changes in proportion and differences between employer contributions and share of contributions	152,393	-
Contributions subsequent to the measurement date*	155,475	-
Total	\$ 1,049,473	\$ 378,303

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending September 30, 2024.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

Year Ending September 30,	OPEB Expense
2024	\$ (41,421)
2025	122,824
2026	138,719
2027	295,573

Discount Rate

A single discount rate of 7.25% was used to measure the total OPEB liability. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to \$3,500,000 per year. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	\$ 2,673,929	\$ 1,894,871	\$ 1,224,503

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

The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using healthcare cost trends rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	\$ 1,081,362	\$ 1,894,871	\$ 2,849,287

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - TAXES

The Authority is permitted by P.A. 196 of 1986, as amended, to levy property taxes to assist in its operations. Property taxes attach an enforceable lien on property as of July 1 for cities and December 1 for townships and are levied on July 1 and December 1, respectively. The County collects taxes for the Authority. Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County, and equalized under State statute at approximately 50% of the current estimated market value. During the 2023 fiscal year, the Authority levied a millage of \$0.8956 per \$1,000 of assessed valuation on December 1, 2022, on townships and \$0.8956 per \$1,000 of assessed valuation on July 1, 2023, on cities.

Tax Abatements

The Authority received reduced property tax revenues during 2023 as a result of industrial facilities tax exemptions (IFT's) entered into by cities, villages, townships, and authorities within Kalamazoo County.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the county. The abatements amounted to \$43,715 in reduced tax revenues for 2023.

NOTE 10 - RISK MANAGEMENT

The Authority participates in the Michigan Municipal Risk Management Authority (MMRMA), a self-insured, public-entity risk pool organized under the laws of the State of Michigan to provide self-insurance protection against loss and risk management services to Michigan cities, counties, townships, and special purpose governments. The Authority has not been informed of any special assessments being required.

The Authority carries commercial insurance for the risk of loss due to workers compensation claims. Settled claims have not exceeded this commercial coverage in either of the past three years.

NOTE 11 - CONTINGENT LIABILITIES

Under the terms of various Federal and State grants, periodic compliance audits are required, and certain costs may be questioned, allowed, or disallowed, which could result in funds being returned and/or received from grantor agencies. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE 12 - COMPLIANCE REQUIREMENTS

The methodology used for compiling mileage on OAR Schedules (Urban and Nonurban) is an adequate and reliable methodology for recording vehicle mileage.

Ineligible expenses are classified appropriately according to the definition in the Michigan Department of Transportation Local Public Transit Revenue and Expense Manual (R&E Manual). Audit costs are the only costs in which eligibility differs from the State R&E Manual and the Federal 2 CFR Part 225. All costs associated with earning non-transportation revenue have been subtracted out as ineligible expenses.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - COMPLIANCE REQUIREMENTS (continued)

\$317,150 of capital money was used to pay for operating expenses. This amount is backed out as ineligible expenses on the OAR schedules and none was included in total expenses to be reimbursed with State Formula Funds.

Pension costs incurred for the defined benefit retirement plan administered by the CCTA Pension Plan Board of Trustees were calculated pursuant to the MERS GASB 68 Implementation Guide. The total pension expense recognized as calculated in STEP 6 of the guide is \$1,317,991. The entire amount of \$1,317,991 was expensed on the books and is reported in 50220 Defined benefit pensions. The Authority paid \$134,715, therefore \$1,183,276 (\$1,317,991 less the amount paid) is subtracted out as ineligible on the OAR schedule under 58020 Ineligible defined benefit pensions.

OPEB costs incurred for the OPEB plan were calculated in accordance with GASB 75. The total OPEB expense recognized in the actuarial valuation is \$(4,061,056). The entire amount of \$(4,061,056) was expensed on the books and is reported in 50250 Defined benefit OPEB. The Authority paid \$205,250, therefore \$168,449 of defined benefit OPEB costs are eligible for reimbursement from prior year ineligible. \$168,449 has been added in as negative ineligible on the OAR schedule under 58030 Ineligible other post-employment benefits.

	Defined Benefit Pension	Defined Benefit OPEB
Cumulative ineligible expenses/cost, beginning of year	\$ 1,944,047	\$ 168,449
Current year ineligible expenses/cost	1,183,276	(4,266,306)
Cumulative ineligible expense/cost, end of year	\$ 3,127,323	\$ (4,097,857)

NOTE 13 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The assets of the plans are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The trust requirement was designed by the Internal Revenue Service to help prevent participants from losing their retirement benefits to the claims of plan Sponsor's creditors. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of the Section 457 plan, and the assets may not be diverted to any other use.

Trusts were created for the plan assets, thereby insulating the assets from the Authority's general creditors. The Authority's plan administrators, ICMA Retirement Corporation and Nationwide, created the trusts and have placed the assets of the plan within the trust. In accordance with GAAP, plan balances and activities are not reflected in the Authority's financial statements.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - RELATED PARTY

The Authority has a contractual relationship with the Kalamazoo County Transportation Authority (KCTA) where KCTA transfers their property tax collections to the Authority to provide transit services. The Authority and KCTA are under common management control. KCTA also transferred payments received from the State of Michigan for personal property tax reimbursements to the Authority. For the year ended September 30, 2023, total payments to the Authority amounted to \$3,270,504. At September 30, 2023, \$657,661 was due from KCTA and included in the due from other governmental units caption on the statement of net position.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended September 30, 2023, the Authority implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the Authority's financial statements after the adoption of GASB Statement No. 96.

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

NOTE 17 - SUBSEQUENT EVENT

In December 2023, the Authority entered into an agreement to purchase four buses for approximately \$2.8 million.

REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION (ASSET) LIABILITY AND RELATED RATIOS
LAST SEVEN MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability							
Service cost	\$ 695,803	\$ 654,166	\$ 657,842	\$ 602,024	\$ 564,693	\$ 531,951	\$ 488,626
Interest	1,994,722	1,915,891	1,848,583	1,790,650	1,737,126	1,728,567	18,323
Change in benefit terms ⁽¹⁾	-	-	-	-	-	-	23,809,450
Difference between expected and actual experience	1,575,513	245,929	56,653	(457,176)	(42,034)	(846,825)	(900,382)
Change of assumptions	-	-	-	1,218,483	669,306	-	-
Benefit payments, including employee refunds	(1,707,696)	(1,713,611)	(1,485,777)	(1,458,602)	(1,363,003)	(1,268,881)	-
Other	-	-	-	-	(1)	-	-
Net Change in Total Pension Liability	2,558,342	1,102,375	1,077,301	1,695,379	1,566,087	144,812	23,416,017
Total Pension Liability, beginning	29,001,971	27,899,596	26,822,295	25,126,916	23,560,829	23,416,017	-
Total Pension Liability, ending	<u>\$ 31,560,313</u>	<u>\$ 29,001,971</u>	<u>\$ 27,899,596</u>	<u>\$ 26,822,295</u>	<u>\$ 25,126,916</u>	<u>\$ 23,560,829</u>	<u>\$ 23,416,017</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 8,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	86,800	83,962	76,383	73,002	69,362	65,034	14,189
Net investment income (loss)	(4,896,135)	6,576,171	2,848,997	5,527,072	(2,342,429)	3,884,913	3
Benefit payments, including employee refunds	(1,707,696)	(1,713,611)	(1,485,777)	(1,458,602)	(1,363,003)	(1,268,881)	-
Administrative expense	-	-	-	-	-	(36,876)	-
Other	(38,544)	(49,957)	(82,828)	(46,890)	(36,233)	8,615,942	21,700,000
						⁽²⁾	⁽²⁾
Net Change in Plan Fiduciary Net Position	(6,546,609)	4,896,565	1,356,775	4,094,582	(3,672,303)	11,260,132	21,714,192
Plan Fiduciary Net Position, beginning	39,649,943	34,753,378	33,396,603	29,302,021	32,974,324	21,714,192	-
Plan Fiduciary Net Position, ending	<u>\$ 33,103,334</u>	<u>\$ 39,649,943</u>	<u>\$ 34,753,378</u>	<u>\$ 33,396,603</u>	<u>\$ 29,302,021</u>	<u>\$ 32,974,324</u>	<u>\$ 21,714,192</u>
Employer's Net Pension (Asset) Liability	<u>\$ (1,543,021)</u>	<u>\$ (10,647,972)</u>	<u>\$ (6,853,782)</u>	<u>\$ (6,574,308)</u>	<u>\$ (4,175,105)</u>	<u>\$ (9,413,495)</u>	<u>\$ 1,701,825</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	104.89%	136.71%	124.57%	124.51%	116.62%	139.95%	92.73%
Covered payroll	\$ 5,537,815	\$ 5,298,103	\$ 5,214,419	\$ 4,995,358	\$ 4,921,201	\$ 4,582,818	\$ 4,251,161
Employer's Net Pension (Asset) Liability as a percentage of covered payroll	(27.86%)	(200.98%)	(131.44%)	(131.61%)	(84.84%)	(205.41%)	40.03%

(1) Effective October 1, 2016, the City of Kalamazoo's existing transit operations spun off to become part of CCTA. The CCTA Pension Plan is a separate single-employer retirement system. This schedule reflects CCTA service cost and transfer of liabilities and assets to CCTA.

(2) Reflects transfers related to the CCTA spin-off from the City of Kalamazoo Employees' Retirement System.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST SEVEN YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 9/30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ 134,715	\$ 8,966	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>134,715</u>	<u>8,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,547,701	\$ 5,909,587	\$ 5,626,838	\$ 5,296,621	\$ 5,203,818	\$ 4,917,745	\$ 4,967,202
Contributions as a percentage of covered payroll	2.06%	0.15%	0.00%	0.00%	0.00%	0.00%	0.00%

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
 DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF INVESTMENT RETURNS
 LAST SEVEN YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
 (AMOUNTS WERE DETERMINED AS OF 12/31)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	-12.60%	19.33%	8.70%	19.30%	-7.25%	17.72%	0.00%

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
CCTA's proportion of net OPEB liability (%)	6.248%	5.700%	6.974%	7.271%	7.062%	7.322%
CCTA's proportionate share of net OPEB liability	\$ 1,894,871	\$ 950,048	\$ 16,221,285	\$ 13,451,639	\$ 11,467,204	\$ 9,758,324
CCTA's covered payroll	5,537,815	5,298,103	5,214,419	4,995,358	4,921,201	4,582,818
CCTA's proportionate share of net OPEB liability as a percentage of its covered payroll	34.22%	17.93%	311.09%	269.28%	233.02%	212.93%

Proportionate share of net OPEB liability reported above is exclusive of additional amounts held in trust outside of the City of Kalamazoo Postretirement Welfare Benefits Plan.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST SIX FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially calculated employer contributions	\$ 55,700	\$ 187,019	\$ 238,925	\$ 700,034	\$ 582,692	\$ 592,937
Contributions in relation to the actuarially determined contributions	<u>224,830</u>	<u>162,075</u>	<u>239,965</u>	<u>253,510</u>	<u>273,383</u>	<u>220,850</u>
Contribution deficiency (excess)	<u>\$ (169,130)</u>	<u>\$ 24,944</u>	<u>\$ (1,040)</u>	<u>\$ 446,524</u>	<u>\$ 309,309</u>	<u>\$ 372,087</u>
CCTA's covered payroll	\$ 6,547,701	\$ 5,909,587	\$ 5,626,838	\$ 5,296,621	\$ 5,203,818	\$ 4,917,745
Contributions as a percentage of covered payroll	3.43%	2.74%	4.26%	4.79%	5.25%	4.49%

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - DEFINED BENEFIT PENSION PLAN

Changes of benefit terms: There were no changes of benefit terms during plan year 2022.

Changes in assumptions: There were no changes in assumptions during plan year 2022.

NOTE 2 - OTHER POST-EMPLOYMENT BENEFITS

Changes of benefit terms: There were no changes of benefit terms during plan year 2022.

Changes in assumptions: Updated health care cost trend assumption for Medicare Part B.

OTHER SUPPLEMENTARY INFORMATION

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF LOCAL REVENUES
YEAR ENDED SEPTEMBER 30, 2023**

Passenger fares	\$ 1,771,942
Advertising	74,144
Intercity ticket sales	14,665
Rental of buildings or other property	207,204
Other nontransportation revenue	48,890
Taxes levied	5,474,611
Operating assistance	1,277,845
Contracts and reimbursements	3,270,504
Interest income	<u>307,406</u>
 TOTAL LOCAL REVENUES	 <u><u>\$ 12,447,211</u></u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2023**

Federal and State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant No./ Authorization Number	Restated Program Award Amount	Current Year's Expenditures			Restated Prior Years' Expenditures	Award Amount Remaining
				Total	Federal	State		
U.S. DEPARTMENT OF TRANSPORTATION								
Direct programs								
Federal Transit - Formula Grants ^{(a) (b)}	20.507							
Operating Grant - Section 5307		MI-2023-035	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -
COVID-19 - Section 5307		MI-2020-020	9,074,494	1,074,494	1,074,494	-	8,000,000	-
CMAQ - Rideshare		MI-2018-004	45,689	2,528	2,528	-	33,384	9,777
ARPA - Section 5307		MI-2022-018	8,976,378	1,450,000	1,450,000	-	-	7,526,378
Passed through Michigan Department of Transportation								
Federal Transit - Formula Grants ^{(a) (b)}	20.507							
Capital Grant - Section 5307(80/20)		MI-2020-062/2012-0112/P12	2,905,241	554,448	443,559	110,889	2,098,381	252,412
Capital Grant - Section 5307(80/20)		MI-2020-063/2012-0112/P15	1,849,503	687,901	550,321	137,580	986,371	175,231
Capital Grant - Section 5307(80/20)		MI-2021-027/2017-0030/P19	2,061,795	1,356,924	1,085,538	271,386	40,816	664,055
Capital Grant - Section 5307(80/20)		MI-2022-049/2022-0030/P4	3,232,224	210,441	168,352	42,089	-	3,021,783
Capital Grant - Section 5307(80/20)		MI-2019-012/2017-0030/P7	3,076,657	192,345	153,876	38,469	2,775,307	109,005
Capital Grant - Section 5307(80/20)		MI-2023-035/P7	3,352,008	-	-	-	-	3,352,008
Buses and Bus Facilities ^{(a) (b)}								
Capital Grant - Section 5339	20.526	MI-2020-062/2012-0112/P12	385,620	-	-	-	385,620	-
Capital Grant - Section 5339		MI-2020-063/2012-0112/P15	391,747	391,747	313,398	78,349	-	-
Capital Grant - Section 5339		MI-2021-027/2017-0030/P19	437,500	162,188	129,750	32,438	-	275,312
Capital Grant - Section 5339		MI-2022-049/2022-0030/P4	394,360	10,110	8,088	2,022	-	384,250
Capital Grant - Section 5339		MI-2019-012/2017-0030/P7	3,558,491	-	-	-	142,495	3,415,996
Capital Grant - Section 5339		MI-2023-035/P7	455,000	-	-	-	-	455,000
Total Federal Transit Cluster			41,196,707	7,093,126	6,379,904	713,222	14,462,374	19,641,207
Formula Grants for Rural Areas	20.509							
Operating Assistance - Section 5311		2022-0030/P5	33,706	33,706	33,706	-	-	-

The accompanying notes are an integral part of this schedule.

CENTRAL COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (continued)
YEAR ENDED SEPTEMBER 30, 2023

Federal and State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant No./ Authorization Number	Restated Program Award Amount	Current Year's Expenditures			Restated Prior Years' Expenditures	Award Amount Remaining
				Total	Federal	State		
U.S. DEPARTMENT OF TRANSPORTATION (continued)								
Passed through Michigan Department of Transportation (continued)								
Enhanced Mobility of Seniors and Individuals with Disabilities ^(c)	20.513							
Operating Grant - Section 5310 - CRRSAA		MI-2022-019/2022-0030/P1	\$ 34,528	\$ -	\$ -	\$ -	\$ -	\$ 34,528
Capital Grant - Section 5310 (80/20)		MI-2021-050/2017-0030/P20	200,000	-	-	-	-	200,000
Capital Grant - Section 5310 (80/20)		MI-2021-005/2017-0030/P16	196,000	-	-	-	-	196,000
Capital Grant - Section 5310 (80/20)		MI-2019-036/2017-0030/P13	674,874	173,873	139,098	34,775	433,985	67,016
Total Transit Services Programs Cluster			1,105,402	173,873	139,098	34,775	433,985	497,544
MICHIGAN DEPARTMENT OF TRANSPORTATION								
Operating Assistance - Act 51	N/A							
Operating Assistance (FY23)		N/A	6,081,024	4,556,603	-	4,556,603	-	1,524,421
Specialized Services	N/A							
2022-2023		N/A	35,121	35,121	-	35,121	-	-
TOTALS			\$ 48,451,960	\$ 11,892,429	\$ 6,552,708	\$ 5,339,721	\$ 14,896,359	\$ 21,663,172

^(a) Denotes major program.

^(b) Denotes programs that are required to be clustered U.S. Department of Transportation (Federal Transit Cluster).

^(c) Denotes programs that are required to be clustered U.S. Department of Transportation (Transit Services Programs Cluster).

^(d) The following reconciles the total Federal, State, and Local revenues reported in the September 30, 2023, financial statements to the expenditures reported in the Schedule of Expenditures of Federal and State Awards:

	Revenue Per Financial Statements	Adjustments for Prior Year Reconciliations	Federal and State Award Expenditures
Federal	\$ 6,552,708	\$ -	\$ 6,552,708
State	5,350,280	(10,559)	5,339,721
	\$ 11,902,988	\$ (10,559)	\$ 11,892,429

The accompanying notes are an integral part of this schedule.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF FEDERAL AND STATE AWARDS
OPERATING REVENUE ONLY
YEAR ENDED SEPTEMBER 30, 2023**

State of Michigan Operating Grants	
Local Bus Operating Assistance (Act 51)	\$ 4,556,603
Specialized Services	<u>35,121</u>
Total State Operating Grants	<u>4,591,724</u>
Federal Operating Grants	
U.S. Department of Transportation - Section 5307	1,000,000
U.S. Department of Transportation - Section 5307 CARES Act	1,074,494
U.S. Department of Transportation - Rideshare	2,528
U.S. Department of Transportation - Section 5307 - ARP Act	1,450,000
U.S. Department of Transportation - Section 5311	<u>33,706</u>
Total Federal Operating Grants	<u>3,560,728</u>
TOTAL OPERATING GRANTS - STATE AND FEDERAL	<u><u>\$ 8,152,452</u></u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF OPERATING AND CONTRACT EXPENSES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Urban</u>	<u>Nonurban</u>	<u>Specialized Services</u>	
	MI-2023-035			
	MI-2020-020			
	<u>MI-2022-018</u>	<u>2022-0030/P5</u>	<u>N/A</u>	<u>Total</u>
Labor	\$ 5,987,973	\$ 1,722	\$ -	\$ 5,989,695
Fringe benefits	981,387	1,320	-	982,707
Services	2,006,176	3,802	35,121	2,045,099
Materials and supplies	1,937,973	587	-	1,938,560
Utilities	325,192	2,193	-	327,385
Insurance	405,188	3,249	-	408,437
Taxes and fees	964	-	-	964
Purchased services	5,035,981	114,981	-	5,150,962
Miscellaneous	171,822	528	-	172,350
Interest on long-term debt	161,155	-	-	161,155
Depreciation	<u>3,198,038</u>	<u>25,640</u>	<u>-</u>	<u>3,223,678</u>
Total expenses	<u>\$ 20,211,849</u>	<u>\$ 154,022</u>	<u>\$ 35,121</u>	<u>\$ 20,400,992</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4R
URBAN REGULAR SERVICE REVENUE REPORT
YEAR ENDED SEPTEMBER 30, 2023**

Code	Description	Amount
401	Farebox revenue	
40100	Passenger fares	\$ 1,732,388
406	Auxiliary trans revenues	
40615	Advertising	74,144
40620	Intercity ticket sales	14,338
407	Nontrans revenues	
40720	Rental of buildings or other property	207,204
40799	Other nontransportation revenue	47,799
408	Local revenue	
40800	Taxes levied directly for/by transit agency	5,352,405
409	Local revenue	
40910	Local operating assistance	1,249,320
40999	Other local contracts and reimbursements	3,197,499
411	State formula and contracts	
41101	State operating assistance (Urban)	4,512,034
413	Federal contracts	
41302	Federal Section 5307 operating	1,000,000
41361	Federal Section 5307 CARES Act	1,074,494
41363	Federal Section 5307 ARP Act	1,450,000
41399	Other federal transit contracts and reimbursements	2,528
414	Other revenue	
41400	Interest income	300,544
TOTAL URBAN SERVICE REVENUE		<u>\$ 20,214,697</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4E
URBAN REGULAR SERVICE EXPENSE REPORT
YEAR ENDED SEPTEMBER 30, 2023**

Code	Description	Total
501	Labor	
50101	Operators' salaries and wages	\$ 3,412,470
50102	Other salaries and wages	2,036,067
50103	Dispatchers' salaries and wages	539,436
502	Fringe benefits	
50200	Fringe benefits	3,488,025
50210	DC pensions	55,767
50220	DB pensions	1,317,991
50240	Other Post Employment Benefit - defined contribution	186,340
50250	Other Post Employment Benefit contributions	155,475
50250	Other Post Employment Benefit - defined benefit	(4,061,056)
503	Services	
50302	Advertising fees	58,945
50305	Audit cost	20,928
50399	Other services	1,926,303
504	Materials and supplies	
50401	Fuel and lubricants	1,011,627
50402	Tires and tubes	65,106
50499	Other materials and supplies	861,240
505	Utilities	
50500	Utilities	325,192
506	Insurance	
50603	Liability insurance	91,617
50699	Other insurance	313,571
507	Taxes and fees	
50700	Taxes and fees	964
508	Purchased trans service	
50800	Purchased trans service	5,035,981
509	Miscellaneous expenses	
50902	Travel, meetings, and training	54,368
50903	Association dues and subscriptions	53,260
50999	Other miscellaneous expenses	64,194
513	Depreciation	
51300	Depreciation	3,198,038
550	Ineligible expenses	
55007	Ineligible depreciation	3,137,387
55009	Ineligible percent of association dues	7,230
560	Ineligible expenses	
56002	Ineligible expenses associated w/advertising	74,144
56004	Ineligible expenses associated w/rentals	207,204
570	Ineligible expenses	
57099	Other ineligible Federal/State/Local	2,528
57603	Ineligible administrative expenses paid by capital contract	32,573
57604	Other ineligible operating expense paid by capital contract	284,577
580	Ineligible expenses	
58020	Ineligible defined benefit pension	1,183,276
58030	Ineligible other post-employment benefits	(168,449)
Total expenses		20,211,849
Total ineligible expenses		<u>4,760,470</u>
Total eligible expenses		<u>\$ 15,451,379</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4N
URBAN REGULAR SERVICE NONFINANCIAL REPORT (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2023**

<u>Code</u>	<u>Description</u>	<u>Total</u>
611	Vehicle Miles ⁽¹⁾	2,390,258

⁽¹⁾ The methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4R
NONURBAN REGULAR SERVICE REVENUE REPORT
YEAR ENDED SEPTEMBER 30, 2023**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
401	Farebox revenue	
40100	Passenger fares	\$ 39,554
406	Auxiliary trans revenues	
40620	Intercity ticket sales	327
407	Nontrans revenues	
40799	Other nontransportation revenue	1,091
408	Local revenue	
40800	Taxes levied directly for/by transit agency	122,206
409	Local revenue	
40910	Local operating assistance	28,525
40999	Other local contracts and reimbursements	73,005
411	State formula and contracts	
41101	State operating assistance	44,569
413	Federal contracts	
41301	Federal Section 5311	33,706
414	Other revenue	
41400	Interest income	<u>6,862</u>
	TOTAL NONURBAN SERVICE REVENUE	<u><u>\$ 349,845</u></u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4E
NONURBAN REGULAR SERVICE EXPENSE REPORT
YEAR ENDED SEPTEMBER 30, 2023**

Code	Description	Total
501	Labor	
50102	Other salaries and wages	\$ 1,722
502	Fringe benefits	
50200	Fringe benefits	1,235
50210	DC pensions	33
50250	Other Post Employment Benefit - defined contribution	52
503	Services	
50302	Advertising fees	212
50305	Audit cost	72
50399	Other services	3,518
504	Materials and supplies	
50401	Fuel and lubricants	285
50499	Other materials and supplies	302
505	Utilities	
50500	Utilities	2,193
506	Insurance	
50603	Liability insurance	735
50699	Other insurance	2,514
508	Purchased trans service	
50800	Purchased trans service	114,981
509	Miscellaneous expenses	
50902	Travel, meetings, and training	13
50999	Other miscellaneous expenses	515
513	Depreciation	
51300	Depreciation	25,640
550	Ineligible expenses	
55007	Ineligible depreciation	<u>25,153</u>
Total expenses		154,022
Total ineligible expenses		<u>25,153</u>
Total eligible expenses		<u><u>\$ 128,869</u></u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4N
NONURBAN REGULAR SERVICE NONFINANCIAL REPORT (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2023**

<u>Code</u>	<u>Description</u>	<u>Total</u>
611	Vehicle Miles ⁽¹⁾	21,773

⁽¹⁾ The methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4R
SPECIALIZED SERVICE REVENUE REPORT
YEAR ENDED SEPTEMBER 30, 2023**

<u>Code</u>	<u>Description</u>	<u>Amount</u>
411	State formula and contracts	
41101	State operating assistance	<u>\$ 35,121</u>
	TOTAL NONURBAN SERVICE REVENUE	<u><u>\$ 35,121</u></u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OAR SCHEDULE 4E
SPECIALIZED SERVICE EXPENSE REPORT
YEAR ENDED SEPTEMBER 30, 2023**

Code	Description	Total
503	Services	
50399	Other services	\$ 35,121
	TOTAL ELIGIBLE EXPENSES	<u>\$ 35,121</u>

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
OPERATING ASSISTANCE CALCULATION
YEAR ENDED SEPTEMBER 30, 2023**

	Urban	Nonurban
Total expenses	\$ 20,211,849	\$ 154,022
Less ineligible expenses		
Ineligible depreciation	3,137,387	25,153
Ineligible percent of association dues	7,230	-
Ineligible expenses associated with advertising	74,144	-
Ineligible expenses associated with rentals	207,204	-
Ineligible administrative expenses paid by capital contract	32,573	-
Other ineligible operating expenses paid by capital contract	284,577	-
Other ineligible Federal/State/Local	2,528	-
Ineligible defined benefit pension	1,183,276	-
Ineligible other post-employment benefits	(168,449)	-
Total ineligible expenses per R&E manual	4,760,470	25,153
TOTAL STATE AND FEDERAL ELIGIBLE EXPENSES	\$ 15,451,379	\$ 128,869
Eligible expenses for State reimbursement	\$ 15,451,379	\$ 128,869
x Reimbursement percentage	29.2015%	34.5849%
State operating assistance	\$ 4,512,034	\$ 44,569
Eligible expenses for Federal reimbursement	\$ 15,451,379	\$ 128,869
x Reimbursement percentage	50.0000% ⁽¹⁾	36.0000% ⁽⁴⁾
Federal Section 5307/5311 operating assistance	\$ 1,000,000	\$ 33,706
Eligible expenses for Federal reimbursement	\$ 15,451,379	
x Reimbursement percentage	100.0000% ⁽²⁾	
Federal Section 5307 operating assistance	\$ 1,074,494	
Eligible expenses for Federal reimbursement	\$ 15,451,379	
x Reimbursement percentage	50.0000% ⁽³⁾	
Federal Section 5307 operating assistance	\$ 1,450,000	

⁽¹⁾ Reimbursement is 50% of eligible expenses, not to exceed \$1,000,000

⁽²⁾ Reimbursement is 100% of eligible expenses, not to exceed \$1,074,494

⁽³⁾ Reimbursement is 50% of eligible expenses, not to exceed \$8,976,378

⁽⁴⁾ Reimbursement is 36% of eligible expenses, not to exceed \$33,706

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2023**

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 10,555	\$ 1,407,161	\$ 1,417,716
Investments			
U.S. Treasuries	1,702,291	-	1,702,291
Corporate bonds	3,579,931	-	3,579,931
Collateralized mortgage obligations	2,726,971	-	2,726,971
Equity mutual funds	24,009,261	-	24,009,261
Real estate mutual funds	1,694,257	-	1,694,257
Other pooled investments	4,135	-	4,135
 Total investments	 33,716,846	 -	 33,716,846
 TOTAL ASSETS	 33,727,401	 1,407,161	 35,134,562
 NET POSITION			
Restricted for pension and OPEB	\$ 33,727,401	\$ 1,407,161	\$ 35,134,562

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2023**

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS TO NET POSITION			
Investment income			
Change in fair value of investments	\$ 3,284,834	\$ 117,721	\$ 3,402,555
Interest and dividends	1,055,829	-	1,055,829
Total investment income	4,340,663	117,721	4,458,384
Less investment expense	(99,142)	(2,240)	(101,382)
Net investment income	4,241,521	115,481	4,357,002
Contributions			
Employer	134,715	250,000	384,715
Plan members	96,902	-	96,902
Total contributions	231,617	250,000	481,617
Total additions to net position	4,473,138	365,481	4,838,619
DEDUCTIONS FROM NET POSITION			
Benefits paid	1,731,147	-	1,731,147
Refund of contributions	22,266	-	22,266
Other expenses	37,994	-	37,994
Total deductions from net position	1,791,407	-	1,791,407
CHANGE IN PLAN NET POSITION	2,681,731	365,481	3,047,212
Net position - beginning of year	31,045,670	1,041,680	32,087,350
Net position - end of year	\$ 33,727,401	\$ 1,407,161	\$ 35,134,562



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Central County Transportation Authority
Kalamazoo, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Central County Transportation Authority (the Authority), a component unit of Kalamazoo County, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 15, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maney Costeiran PC

March 15, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Central County Transportation Authority
Kalamazoo, Michigan

Report on Compliance for each Major Federal Program

We have audited the Central County Transportation Authority's (the Authority), a component unit of Kalamazoo County, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Central County Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Maney Costeiran PC

March 15, 2024

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal award activity of the Central County Transportation Authority under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Central County Transportation Authority, it is not intended to and does not present the financial position or changes in net position of the Central County Transportation Authority.

The Authority qualifies for low-risk auditee status.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenses in prior years. Pass-through entity identifying numbers are presented where available. The Central County Transportation Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.500, 20.507, 20.525, 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**CENTRAL COUNTY TRANSPORTATION AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2023**

FINDINGS/NONCOMPLIANCE

Significant Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with Uniform Guidance.

No prior audit findings.



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March 15, 2024

Board of Directors
Central County Transportation Authority
Kalamazoo, Michigan

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Central County Transportation Authority for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated January 9, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central County Transportation Authority are described in Note 1 to the financial statements. As described in Note 15 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based IT Arrangements*, during the year ended September 30, 2023. The implementation of this new accounting standard did not have an effect on the financial statements or note disclosures of the Authority. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

Management's calculation of the net pension asset, related deferred inflows, related deferred outflows, and changes therein was based on actuarial assumptions and the use of a specialist (actuary).

Management's calculation of the percentages for current and noncurrent compensated absence payments is based on an estimate of the percentage of employees' use of compensated absences.

Management's calculation of the Authority's share of the net OPEB liability, related deferred inflows, related deferred outflows, and changes therein was based on actuarial assumptions and the use of a specialist (actuary).

Management's inventory valuation is an estimate based on unit cost of inventory items, quantities on hand, historical trends, and industrial standards.

Management's allocation of assets between the City of Kalamazoo Employees' Retirement System and the Central County Transportation Authority Pension Plan is based on the respective fair values as of fiscal year end.

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

The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of deposits and investments in Note 2 to the financial statements is particularly sensitive due to the fair value measurement of the Authority's investments. Fair value is defined as the amount the Authority could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller and is generally measured by market quotes.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No known or likely misstatements were identified during the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 15, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and historical pension system and other post-employment benefit system schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompanies the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled this supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the nonfinancial reports, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Central County Transportation Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC