



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 Kalamazoo County Transportation Authority (the Authority), which comprise the respective financial position of the governmental activities and the major fund as of September 30, 2023, and 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 government 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 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. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter (currently none).
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
11. 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

12. 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.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. 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.
15. 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.


16. 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.
17. 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.
18. 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.
19. 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

20. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. 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.
23. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
24. 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 we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
25. 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.
26. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
27. 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.
28. 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.
29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
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.
32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
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. 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.
39. 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.
40. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within the 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 RSI.
41. 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.

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.

**KALAMAZOO COUNTY TRANSPORTATION AUTHORITY
KALAMAZOO, MICHIGAN**

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

YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kalamazoo County Transportation Authority
Kalamazoo, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Kalamazoo 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 governmental activities and the major fund of the Kalamazoo County Transportation Authority as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Kalamazoo 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 are conditions or events, considered in the aggregate, that raise substantial doubt about the Kalamazoo 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 Responsibility 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 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, 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 Kalamazoo 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 Kalamazoo 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 budgetary comparison schedule 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.

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.

Maney Costeiran PC

March 15, 2024

**KALAMAZOO COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of the Kalamazoo County Transportation Authority (“the Authority”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2023.

Financial Highlights

- The Authority’s fund balance/net position was \$0 at the close of the most recent fiscal year.
- Tax revenue increased by approximately \$154,878 for the year ended September 30, 2023 in comparison to the year ended September 30, 2022.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority’s finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers’ resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Authority in more detail than the government-wide financial statements by providing information about the Authority’s most significant funds.

The financial statements provide information on all functions of the Authority. The activities of the Authority are supported primarily by property tax levies.

Financial Analysis

Statement of Net Position - Total net position of the Authority was \$0 as of September 30, 2023.

CONDENSED STATEMENT OF NET POSITION

	2023	2022
Current Assets	\$ 657,661	\$ 604,568
Current Liabilities	657,661	604,568
Net Position		
Unrestricted	\$ -	\$ -

Unrestricted net position is the amount available to meet the Authority’s ongoing obligations as of September 30, 2023. Unrestricted net position in 2023 and 2022 was \$0.

The current ratio indicates an organizations ability to pay current liabilities with its current assets. As of September 30, 2023 and 2022, the Authority’s current ratio was 1.0.

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

Financial Analysis

Statement of Activities - During fiscal year 2023, the Authority's activities resulted in no change in net position.

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

	2023	2022
Revenues	\$ 3,270,504	\$ 3,105,882
Expenses	3,270,504	3,105,882
Beginning Net Position	-	-
Ending Net Position	-	-
Change in Net Position	\$ -	\$ -

The following table shows revenues and expenses by source for the fiscal years ended September 30, 2023 and 2022.

	2023	2022
General Revenues		
Property taxes	\$ 3,130,757	\$ 2,975,879
PPT reimbursements	139,747	130,003
Total General Revenues	\$ 3,270,504	\$ 3,105,882
Operations Expenses		
Operating contract	\$ 3,270,504	\$ 3,105,882

The Kalamazoo County Transportation Authority (KCTA) contracts with the Central County Transportation Authority (CCTA) to provide transit services. As part of the transit services agreement the KCTA transfers their property tax collections to the CCTA to fund the Metro County Connect, Community Service Van program, and other specialized services.

General Fund Budgetary Highlights

The Authority amended its budget during the year to account for anticipated personal property tax reimbursement. Actual revenues and expenditures were below the budgeted amounts by approximately \$6,394 or 0.20%.

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

Request for Information

This financial 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 General Manager at the following address:

Kalamazoo County Transportation Authority
530 N. Rose Street
Kalamazoo, MI 49007
Phone: (269) 337-8088

BASIC FINANCIAL STATEMENTS

**KALAMAZOO COUNTY TRANSPORTATION AUTHORITY
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	General Fund	Statement of Net Position
ASSETS		
Current assets		
Taxes receivable	\$ 517,914	\$ 517,914
Due from other governmental units	139,747	139,747
TOTAL ASSETS	\$ 657,661	657,661
LIABILITIES		
Current liabilities		
Due to other governmental units	\$ 657,661	657,661
FUND BALANCE		
Unassigned	-	
TOTAL LIABILITIES AND FUND BALANCE	\$ 657,661	
NET POSITION		
Unrestricted		\$ -

See accompanying notes to financial statements.

**KALAMAZOO COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Statement of Activities
EXPENDITURES/EXPENSES		
Current		
Public works	\$ 3,270,504	\$ 3,270,504
GENERAL REVENUES		
Taxes	3,130,757	3,130,757
PPT reimbursements	139,747	139,747
TOTAL GENERAL REVENUES	3,270,504	3,270,504
NET CHANGE IN FUND BALANCE/NET POSITION	-	-
Fund balance/net position, beginning of year	-	-
Fund balance/net position, end of year	\$ -	\$ -

See accompanying notes to financial statements.

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

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

The Kalamazoo County Transportation Authority (the Authority), established under the applicable laws of the State of Michigan Public Act 196 of 1986, as amended, is governed by a nine-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.

Reporting Entity

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of the Kalamazoo County Transportation 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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the Authority as a whole.

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all dues, interest, and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Authority's only governmental fund. The General Fund is the Authority's only fund. It accounts for all financial resources of the Authority.

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Although another measurement focus is used in the governmental fund financial statements, no reconciliations to the government-wide financial statements are considered necessary as currently there are no accounting basis differences for the Authority.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

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

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

Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The government-wide financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants and contributions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded in the government-wide financial statements when resources are received by the Authority before it has legal claim to them, such as when program fees are received.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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.

Budgets and Budgetary Accounting

The General Fund budget shown as required supplementary information to the financial statements was prepared on a basis consistent with the basis used to reflect actual results.

Budget amounts are as adopted and amended by the board of directors. Violations, if any, are noted in the Required Supplementary Information section on the Budgetary Comparison Schedule.

Receivable/Due from Other Governmental Units

Receivables consist of personal property tax reimbursement and a portion of summer tax collections not received as of year end.

Due to Other Governmental Units

Due to other governmental units consists of a portion of summer tax collections payable to the Central County Transportation Authority.

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

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

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee, or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter the fund in which the deficit occurs.

Fund Balance Classification Policies and Procedures

For committed fund balance, the Authority's highest level of decision-making authority is the Board of Directors. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Board resolution.

For assigned fund balance, the Board of Directors has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, the authority for assigning fund balance remains with the Board of Directors.

The Authority has not formally adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. Therefore, restricted resources will be used first, then unrestricted resources as needed.

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

NOTE 2 - PROPERTY 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 \$0.3110 per \$1,000 of assessed valuation on December 1, 2022, on townships and a millage of \$0.3110 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 \$20,386 in reduced tax revenues for 2023.

NOTE 3 - RELATED PARTY

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

NOTE 4 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended September 30, 2023, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued in May 2020. 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 payment, 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 statement after the adoption of GASB Statement No. 96.

REQUIRED SUPPLEMENTARY INFORMATION

**KALAMAZOO COUNTY TRANSPORTATION AUTHORITY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 3,201,898	\$ 3,201,898	\$ 3,130,757	\$ (71,141)
Intergovernmental - State	-	75,000	139,747	64,747
TOTAL REVENUES	3,201,898	3,276,898	3,270,504	(6,394)
EXPENDITURES				
Current				
Public works	3,201,898	3,276,898	3,270,504	6,394
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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March 15, 2024

Board of Directors
Kalamazoo County Transportation Authority
Kalamazoo, Michigan

We have audited the financial statements of the governmental activities and the major fund of the Kalamazoo County Transportation Authority (the 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, 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 Kalamazoo County Transportation Authority are described in Note 1 to the financial statements. As described in Note 4 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology 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. There were no sensitive estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

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 budgetary comparison information, which are required supplementary information (RSI) that supplements 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.

Restriction on Use

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

Very truly yours,

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