
Capital Area Transportation Authority

Lansing, Michigan

Financial Report
with Supplementary Information
September 30, 2024

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Independent Auditor's Report

To the Board of Directors
Capital Area Transportation Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the enterprise fund and fiduciary funds of the Capital Area Transportation Authority (the "Authority") as of and for the year ended September 30, 2024 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and fiduciary funds of the Authority as of September 30, 2024 and the respective changes in its financial position and, where applicable, its 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 (GAAS) 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

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 Authority's ability to continue as a going concern for 12 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 GAAS 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.

To the Board of Directors
Capital Area Transportation Authority

In performing an audit in accordance with GAAS 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 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 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information of the fiduciary fund statements and State-required schedules, except for schedules 6, 9, and 10, 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 fiduciary fund statements and State-required schedules, except for schedules 6, 9, and 10, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Additional Information

Management is responsible for the accompanying State-required schedules 6, 9, and 10, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors
Capital Area Transportation Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 5, 2025

As management of the Capital Area Transportation Authority (the "Authority"), we offer readers this narrative overview and analysis of the financial activities for the year ended September 30, 2024. The management's discussion and analysis is designed to assist readers of financial statements in focusing on significant financial activities and issues and to identify any significant changes. As this information is presented in summary form, it should be read in conjunction with the financial statements as a whole.

Financial Highlights

These statements reflect that the Authority is in very strong financial health. At September 30, 2024 (the Authority's 2024 fiscal year end), the Authority's net position stood at \$48,142,025, as compared to a net position of \$35,114,846 at fiscal year end 2023. Net position presents the assets of the Authority that can be used to provide for future operations. A portion of these assets is included in the net investment in capital assets, meaning that it has been invested in capital resources (generally vehicles and facilities), while a portion is unrestricted (generally cash and investments). The increase in net position during fiscal year 2024 can be mainly attributed to an increase in operating and capital grant funds received by the Authority from the Federal Transit Administration (FTA) and the Michigan Department of Transportation (MDOT).

The Authority's current ratio at September 30, 2024 stood at 8.20, as compared with 7.84 at fiscal year end 2023. Current ratio is a liquidity measurement that reflects whether or not an organization has enough resources to meet its short-term obligations; it compares an organization's current assets to its current liabilities. In general terms, a current ratio in excess of 2.0 is considered to reflect strong liquidity.

At September 30, 2024, the Authority had cash and investments totaling \$39,817,292, while cash and investments stood at \$28,984,365 at fiscal year end 2023. It is the Authority's policy to utilize its cash and invested funds to facilitate eligible purchases and then seek reimbursement from the FTA and MDOT subsequent to the expenditure. At fiscal year end 2024, the Authority was due \$2 million from those two agencies.

The Authority's year-end leverage ratio at September 30, 2024 stood at 0.90, as compared with 1.81 at fiscal year end 2023. Leverage ratio is a measurement of debt burden that reflects an organization's ability to weather significant changes in its financial environment; it compares an organization's total liabilities to its net position. Leverage ratios below 0.50 are generally considered to reflect a healthy financial position.

Revenue (both operating and nonoperating) and grants for the fiscal year ended September 30, 2024 amounted to \$82,225,461, while operating expenses amounted to \$69,198,282. This resulted in an increase in net position of \$13,027,179 for the fiscal year ended September 30, 2024.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two kinds of statements: (1) proprietary fund and (2) pension and OPEB trust funds, which are fiduciary funds. This report also includes supplementary information and compliance information intended to furnish additional detail to support the basic financial statements themselves.

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

The net position of the proprietary fund is reported in the statement of net position. Net position, the difference between the Authority's assets plus deferred outflows and liabilities plus deferred inflows, is one way to measure the Authority's financial health or position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial position is improving or deteriorating. To assess the overall health of the Authority, you must also consider additional factors, such as changes in the Authority's tax base, the condition of its rolling stock and facilities, and changes in federal and state programs.

Capital Area Transportation Authority

Management's Discussion and Analysis (Continued)

- Fiduciary funds - The Authority administers pension and OPEB plans that cover substantially all union and administrative employees. The Authority is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These activities are excluded from the proprietary fund financial statements because the Authority cannot use these assets to finance its operations.

As of September 30, 2024, the Authority's Union and Administrative Employees' retirement plans had fiduciary net positions as a percentage of total pension liabilities of 119 percent and 92.9 percent, respectively. The plans were evaluated in part based on an assumed 6 percent discount rate. The Authority's OPEB plan had fiduciary net position as a percentage of total OPEB liabilities of 35.8 percent.

The Authority's Net Position

The Authority's total net position at September 30, 2024 was approximately \$48.14 million, an increase from 2023. The change is largely attributable to the additional capital and operating grants in 2024. The following table shows, in a condensed format, the net position as of the current date and the same date of the prior year:

	Business-type Activities			
	2023	2024	Change	Percent Change
Assets				
Current and other assets	\$ 47,131,824	\$ 60,276,314	\$ 13,144,490	27.9
Capital assets	54,738,053	56,477,083	1,739,030	3.2
Total assets	101,869,877	116,753,397	14,883,520	14.6
Deferred Outflows of Resources	23,243,260	14,064,262	(9,178,998)	(39.5)
Liabilities				
Current liabilities	5,632,075	6,262,884	630,809	11.2
Noncurrent liabilities	58,085,746	36,683,311	(21,402,435)	(36.8)
Total liabilities	63,717,821	42,946,195	(20,771,626)	(32.6)
Deferred Inflows of Resources	26,280,470	39,729,439	13,448,969	51.2
Net Position				
Net investment in capital assets	54,738,053	56,477,083	1,739,030	3.2
Restricted:				
Capital projects	23,464	-	(23,464)	(100.0)
Pension	2,959,486	8,891,615	5,932,129	200.4
Unrestricted	(22,606,157)	(17,226,673)	5,379,484	(23.8)
Total net position	\$ 35,114,846	\$ 48,142,025	\$ 13,027,179	37.1

Capital Area Transportation Authority

Management's Discussion and Analysis (Continued)

The Authority's Changes in Net Position

The following table compares the Authority's statement of revenue, expenses, and changes in net position from 2023 to 2024:

	Business-type Activities			
	2023	2024	Change	Percent Change
Revenue				
Operating revenue	\$ 11,480,676	\$ 13,260,925	\$ 1,780,249	15.5
Nonoperating revenue - Net of expenses	55,229,975	60,178,676	4,948,701	9.0
Total revenue	66,710,651	73,439,601	6,728,950	10.1
Expenses				
Operating expense before depreciation	61,868,571	61,471,808	(396,763)	(0.6)
Depreciation expense	6,878,676	7,726,474	847,798	12.3
Total expenses	68,747,247	69,198,282	451,035	0.7
Capital Contributions	6,650,795	8,785,860	2,135,065	32.1
Change in Net Position	4,614,199	13,027,179	8,412,980	182.3
Net Position - Beginning of year	30,500,647	35,114,846	4,614,199	15.1
Net Position - End of year	<u>\$ 35,114,846</u>	<u>\$ 48,142,025</u>	<u>\$ 13,027,179</u>	37.1

Capital Assets and Debt Administration

The Authority continues to invest in capital assets, including vehicles, infrastructure, and equipment. At September 30, 2024 and 2023, the Authority had approximately \$56 million and \$55 million invested in capital assets, respectively. During fiscal year 2024, the Authority made capital additions of approximately \$9.5 million, the majority of which consisted of various outstanding projects as of year end, including vehicles, communication systems, and facilities upgrades.

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

Long-term Debt

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

Factors Bearing on the Authority's Future

At the time these financial statements were prepared and audited, the Authority was aware of one circumstance that could significantly affect its financial health in the future. The Authority has had a significant decrease in ridership, leading to significant decreases in farebox and contractual revenue, due to the COVID-19 pandemic. Ridership increased in 2024, as compared to 2023, but is still below 2019 (pre-COVID-19) levels. The Authority has been awarded grant funding through the CARES Act of approximately \$18.3 million, \$16.2 million in grant funding through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and \$26.2 million of American Rescue Plan Act (ARPA) funding. The Authority anticipates expending the remaining funds by the end of fiscal year 2025.

Requests for Further Information

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

Capital Area Transportation Authority

Statement of Net Position

September 30, 2024

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$	10,742,610
Investments (Note 3)		29,074,682
Receivables:		
Accrued interest receivable		301,748
Local contributions and contract revenue receivable		5,460,651
Due from other governments		1,314,263
Due from federal government		368,483
Due from state government		1,682,352
Inventories		1,696,667
Prepaid expenses		743,243
Total current assets		<u>51,384,699</u>

Noncurrent assets:

Net pension asset (Note 6)		8,891,615
Capital assets: (Note 4)		
Assets not subject to depreciation		8,350,597
Assets subject to depreciation - Net		<u>48,126,486</u>
Total noncurrent assets		<u>65,368,698</u>
Total assets		<u>116,753,397</u>

Deferred Outflows of Resources

Deferred outflows related to pensions (Note 6)		3,706,432
Deferred outflows related to OPEB (Note 7)		<u>10,357,830</u>
Total deferred outflows of resources		<u>14,064,262</u>

Liabilities

Current liabilities:

Accounts payable		2,475,586
Due to other governmental units		47,767
Accrued liabilities and other		769,957
Unearned revenue		92,059
Accrued vacation, incentive, and sick pay		2,031,500
Reserve for workers' compensation claims (Note 5)		376,815
Reserve for health insurance costs (Note 5)		<u>469,200</u>
Total current liabilities		<u>6,262,884</u>

Noncurrent liabilities:

Net pension liability (Note 6)		1,708,369
Net OPEB liability (Note 7)		<u>34,974,942</u>
Total noncurrent liabilities		<u>36,683,311</u>
Total liabilities		<u>42,946,195</u>

Deferred Inflows of Resources

Deferred pension cost reductions (Note 6)		1,396,231
Deferred OPEB cost reductions (Note 7)		<u>38,333,208</u>
Total deferred inflows of resources		<u>39,729,439</u>

Net Position

Net investment in capital assets		56,477,083
Restricted - Pension		8,891,615
Unrestricted		<u>(17,226,673)</u>
Total net position	\$	<u><u>48,142,025</u></u>

Capital Area Transportation Authority

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2024

Operating Revenue	
Linehaul	\$ 1,832,422
Contract services	10,177,917
Paratransit	693,837
Rural service	30,281
Other revenue	526,468
	<hr/>
Total operating revenue	13,260,925
Operating Expenses	
Labor and fringe benefits	35,893,053
Services	5,006,100
Advertising	721,437
Materials, fuel, and supplies	5,984,191
Utilities	812,764
Insurance and self-insured costs	1,257,792
Purchased transportation services	11,076,768
Miscellaneous	645,368
Lease and rentals	74,335
Depreciation	7,726,474
	<hr/>
Total operating expenses	69,198,282
Operating Loss	(55,937,357)
Nonoperating Revenue (Expense)	
Investment income - Net	1,972,519
Property tax revenue	21,225,602
Government operating grants - Federal	19,328,239
Government operating grants - State	17,739,580
Government operating grants - Local	20,000
Loss on disposal of assets	(107,264)
	<hr/>
Total nonoperating revenue	60,178,676
Gain - Before capital grants	4,241,319
Capital Grants	8,785,860
	<hr/>
Change in Net Position	13,027,179
Net Position - Beginning of year	35,114,846
	<hr/>
Net Position - End of year	\$ 48,142,025

Capital Area Transportation Authority

Statement of Cash Flows

Year Ended September 30, 2024

Cash Flows from Operating Activities

Receipts from operations	\$ 9,561,735
Payments to suppliers	(14,096,593)
Payments to employees and fringes	(40,976,271)
Payments for purchased transportation	<u>(11,076,768)</u>
Net cash and cash equivalents used in operating activities	(56,587,897)

Cash Flows from Noncapital Financing Activities

Federal operating grants	27,076,538
State of Michigan grants	18,280,695
Property taxes collected	<u>21,025,478</u>
Net cash and cash equivalents provided by noncapital financing activities	66,382,711

Cash Flows from Capital and Related Financing Activities

Receipt of capital grants	8,785,860
Purchase of capital assets	<u>(9,572,768)</u>
Net cash and cash equivalents used in capital and related financing activities	(786,908)

Cash Flows from Investing Activities

Investment income	1,818,617
Purchases of investment securities	<u>(6,711,408)</u>
Net cash and cash equivalents used in investing activities	<u>(4,892,791)</u>

Net Increase in Cash and Cash Equivalents

4,115,115

Cash and Cash Equivalents - Beginning of year

6,627,495

Cash and Cash Equivalents - End of year

\$ 10,742,610

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (55,937,357)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	7,726,474
Changes in assets and liabilities:	
Receivables	(3,699,191)
Inventories	(99,863)
Prepaid and other assets	169,034
Accrued vacation, incentive, and sick pay	882,536
Accounts payable	336,223
Net pension and OPEB liabilities and related deferrals	<u>(5,965,753)</u>
Total adjustments	<u>(650,540)</u>
Net cash and cash equivalents used in operating activities	<u><u>\$ (56,587,897)</u></u>

Significant Noncash Transactions - Loss on disposal of assets

\$ (107,264)

Capital Area Transportation Authority

Statement of Fiduciary Net Position

	Pension (December 31, 2023) and OPEB (September 30, 2024) Funds
Assets	
Investments: (Note 3)	
Large U.S. equity	\$ 40,386,610
Small/mid U.S. equity	1,274,857
International equity	3,543,546
Mutual funds	19,498,220
Fixed income	8,497,312
Other	1,527,760
Group annuity contracts	<u>22,646,517</u>
Total assets	97,374,822
Liabilities	
	<u>-</u>
Net Position - Restricted	
Pension	77,876,602
Postemployment benefits other than pension	<u>19,498,220</u>
Total net position	<u>\$ 97,374,822</u>

Capital Area Transportation Authority

Statement of Changes in Fiduciary Net Position

	Pension (Year Ended December 31, 2023) and OPEB (Year Ended September 30, 2024) Funds
Additions	
Investment income:	
Interest and dividends	\$ 1,792,529
Change in fair value of investments	<u>12,233,852</u>
Net investment income	14,026,381
Contributions:	
Employer contributions	4,073,519
Member contributions	<u>1,411,464</u>
Total contributions	<u>5,484,983</u>
Total additions - Net	19,511,364
Deductions	
Benefit payments	5,226,289
Administrative expenses	<u>115,978</u>
Total deductions	<u>5,342,267</u>
Net Increase in Net Position	14,169,097
Net Position - Beginning of year	<u>83,205,725</u>
Net Position - End of year	<u><u>\$ 97,374,822</u></u>

September 30, 2024

Note 1 - Significant Accounting Policies

Reporting Entity

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

The Authority's operating fund and Retiree OPEB Trust fund have a September 30 year end. The pension plan funds are maintained on a calendar year reporting basis. The September 30, 2024 financial statements of the Authority include certain pension plan data as of December 31, 2023.

Discretely Presented Component Units

Fiduciary Component Units

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

Accounting and Reporting Principles

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

Report Presentation

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

Fund Accounting

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Authority reports its operations in a single enterprise fund.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate the Authority's programs. The Authority reports pension and OPEB trust funds that account for the activities of the Union and Administrative Employees' Retirement plans and the Retiree OPEB Trust as fiduciary funds.

Basis of Accounting

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 1 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at fair value or estimated fair value. Certain pension plan investments are valued at net asset value, which approximates fair value. See Note 3 for further information.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, vehicles, and equipment, are reported in the proprietary fund financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Buildings	10-40
Equipment	3-10
Vehicles	4-12
Bus shelters	15
Furniture, fixtures, and equipment	5-12
Subscription-based IT assets	Lease term

Local Contributions and Contract Revenue

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

Grant Activities

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

September 30, 2024

Note 1 - Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources related to pensions and OPEB.

Net Position Flow Assumption

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

Property Tax Revenue

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

Pension

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

Other Postemployment Benefit Costs

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

September 30, 2024

Note 1 - Significant Accounting Policies (Continued)

Accrued Vacation, Incentive, and Sick Pay

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

Proprietary Funds Operating Classification

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments 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 certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Authority's financial statements for the year ending September 30, 2026.

Note 2 - State of Michigan Operating Assistance Funds

Under Act 51 of the Public Acts of 1951, as amended, the State of Michigan makes distributions of funds that have been appropriated for mass transit operating assistance. The Authority has recorded operating grant revenue under Act 51 based on a formula that takes into account the eligible costs incurred by the Authority and preliminary information made available by the Michigan Department of Transportation as to the eligible expenses reimbursement percentage for the fiscal year ended September 30, 2024.

The latest final determination of State of Michigan operating assistance allocable to the Authority in accordance with the Act 51 funding formula was for the fiscal year ended September 30, 2021. There are no further adjustments as a result to closing out this year. Furthermore, the Authority awaits the final determination for the years ended September 30, 2022, 2023, and 2024 (open years). The Authority has recorded an estimated receivable of approximately \$1,400,000 as of September 30, 2024 based on management's anticipation of the results of the State's final determination of the Act 51 funding formula for the open years.

Note 3 - Deposits and Investments

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

	Business-type Activities	Fiduciary Activities	Total
Cash and cash equivalents	\$ 10,742,610	\$ -	\$ 10,742,610
Investments	29,074,682	97,374,822	126,449,504
Total deposits and investments	<u>\$ 39,817,292</u>	<u>\$ 97,374,822</u>	<u>\$ 137,192,114</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust funds and retiree health care fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Authority has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CDs, commercial paper rated at the time of purchase within the two highest classifications established, and investment pools organized by a financial institution whose deposits are insured by an agency of the United States government.

Note 3 - Deposits and Investments (Continued)

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority had bank deposits of \$6,009,627 (checking and savings accounts) that were uninsured and uncollateralized. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Interest Rate Risk

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

At year end, the Authority had the following investments:

Investment	Carrying Value	Weighted- average Maturity (Years)
Business-type Activities		
U.S. Treasury securities	\$ 20,695,177	1.94
U.S. government agency securities	<u>8,379,505</u>	1.75
Total	<u>\$ 29,074,682</u>	
Investment	Carrying Value	Weighted- average Maturity (Years)
Fiduciary Funds		
Large U.S. equity	\$ 40,386,610	N/A
Small/Mid U.S. equity	1,274,857	N/A
International equity	3,543,546	N/A
Fixed income	1,604,030	8.32
Fixed income	744,968	4.73
Fixed income	6,148,314	8.4
Other	1,527,760	N/A
Group annuity contracts (pension)	22,646,517	N/A
Mutual funds (OPEB)	7,311,854	8.22
Mutual funds (OPEB)	<u>12,186,366</u>	N/A
Total	<u>\$ 97,374,822</u>	

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority has no investment policy that would further limit its investment choices, other than limiting commercial paper to mature no more than 270 days after the date of purchase.

Investment	Carrying Value	Rating	Rating Organization
Business-type Activities			
U.S. Treasury securities	\$ 20,695,177	AAA	Moody's
U.S. government agency securities	8,379,505	AAA	Moody's
Total	<u>\$ 29,074,682</u>		

Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
Large U.S. equity	\$ 40,386,610	Not rated	Not rated
Small/Mid U.S. equity	1,274,857	Not rated	Not rated
International equity	3,543,546	Not rated	Not rated
Fixed income	1,604,030	3 stars	Morningstar
Fixed income	744,968	4 stars	Morningstar
Fixed income	6,148,314	5 stars	Morningstar
Other	1,527,760	Not rated	Not rated
Group annuity contracts (pension)	22,646,517	Not rated	Not rated
Mutual funds (OPEB)	19,498,220	3 stars	Morningstar
Total	<u>\$ 97,374,822</u>		

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

September 30, 2024

Note 3 - Deposits and Investments (Continued)

The Authority has the following recurring fair value measurements as of September 30, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2024
Business-type Activities				
Debt securities - U.S. Treasury securities	\$ -	\$ 20,695,177	\$ -	\$ 20,695,177
Debt securities - U.S. government agency securities	-	8,379,505	-	8,379,505
Total	\$ -	\$ 29,074,682	\$ -	\$ 29,074,682
Fiduciary Funds				
Mutual funds - Fixed income	\$ 7,311,854	\$ -	\$ -	\$ 7,311,854
Mutual funds - Equities	12,186,366	-	-	12,186,366
Total assets	\$ 19,498,220	\$ -	\$ -	\$ 19,498,220

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

The fair value of U.S. debt securities at September 30, 2024 was determined primarily based on Level 2 inputs. The Authority estimates the fair value of these investments using quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices that are observable for the asset, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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

Investments in Entities that Calculate Net Asset Value per Share

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

Note 3 - Deposits and Investments (Continued)

At September 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Large U.S. equity	\$ 40,386,610	\$ -	N/A	None
Small/Mid U.S. equity	1,274,857	-	N/A	None
International equity	3,543,546	-	N/A	None
Fixed income	8,497,312	-	N/A	None
Other	1,527,760	-	N/A	None
Group annuity contract	22,646,517	-	N/A	None
Total	<u>\$ 77,876,602</u>	<u>\$ -</u>		

Large U.S. Equity

Equity Income Separate Account-Z - The investment seeks to provide current income and long-term growth of income and capital. Under normal circumstances, the fund invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in dividend-paying equity securities at the time of purchase. It usually invests in equity securities of companies with large and medium market capitalizations. The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

LargeCap S&P 500 Index Separate Account-Z - The investment option normally invests the majority of assets in common stocks of companies that compose the S&P 500 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 500 Index. Over the long term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P 500 Index.

LargeCap Growth I Separate Account-Z - The investment seeks long-term growth of capital. The fund normally invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in equity securities of companies with large market capitalizations at the time of purchase. It invests in growth equity securities, an investment strategy that emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average. The fund is nondiversified.

Small/Mid U.S. Equity

MidCap Value I Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in equity securities of companies with medium market capitalizations at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. The fund also invests in real estate investment trusts.

MidCap Growth III Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in equity securities of companies with medium market capitalizations at the time of purchase. It invests in growth equity securities, an investment strategy that emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average.

SmallCap Value II Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

Note 3 - Deposits and Investments (Continued)

SmallCap Growth I Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. The fund may invest up to 30 percent of the fund's assets using an index sampling strategy designed to match the performance of the Russell 2000(R) Growth Index.

International Equity

Diversified International Separate Account-Z - The investment option normally invests the majority of assets in companies in at least three different countries. It invests in securities of companies with their principal place of business or principal office outside of the United States; companies for which the principal securities trade on a foreign exchange; and companies, regardless of where their securities are traded, that derive 50 percent or more of their total revenue from goods or services produced or sold outside of the United States. The Separate Account may invest in securities of companies with small to medium market capitalizations.

Origin Emerging Markets Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in equity securities of emerging market companies at the time of purchase. The advisor considers a security to be tied economically to an emerging market (an "emerging market security") if the issuer of the security has its principal place of business or principal office in an emerging market country, has its principal securities trading market in an emerging market, or derives a majority of its revenue from emerging markets.

Overseas Separate Account-Z - The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80 percent of its net assets, plus any borrowings for investment purposes, in equity securities that are tied economically to countries outside the U.S. at the time of purchase. The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. It invests in equity securities of small, medium, and large market capitalizations companies.

Fixed Income

Bond Market Index Separate Account-Z - The investment seeks to provide current income. The fund normally invests at least 80 percent of its net assets, plus an borrowings for investment purposes, in debt securities held by the Barclays U.S. Aggregate Bond Index at the time of purchase. The index is composed of investment grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of one year or more. It employs a passive investment approach designed to attempt to track the performance of the index.

High Income Separate Account-Z - The investment seeks high current income. Under normal circumstances, the fund invests primarily in below investment grade bonds and bank loans that are rated, at the time of purchase, Bal or lower by Moody's Investors Service, Inc. (Moody's) and BB+ or lower by S&P Global Ratings (S&P Global). (If the bond or bank loan has been rated by only one of those agencies, that rating will determine whether it is below investment grade; if the bond or bank loan has not been rated by either of those agencies, those selecting such investments will determine whether it is of a quality comparable to those rated below investment grade).

Core Fixed Income Separate Account-Z - The investment seeks to provide a high level of current income consistent with preservations of capital. The fund invests primarily in a diversified pool of investment-grade fixed-income securities, including corporate securities, U.S. government securities, asset-backed securities, and mortgage-backed securities. It maintains an average portfolio duration that is within 75 percent to 125 percent of the duration of the Bloomberg Barclays U.S. Aggregate Bond Index.

Note 3 - Deposits and Investments (Continued)

Other

U.S. Property Separate Account-Z - Effective at close of market March 20, 2020, a contractual limitation will delay the payment of most withdrawal or transfer requests from the Principal U.S. Property Separate Account (Separate Account) but for no more than three years from the effective date. In accordance with the terms of your employer's group annuity contract, delayed payment requests will be honored proportionately. This means transactions may be processed in a series of payments until enough cash is available to pay obligations. The Separate Account invests the majority of assets in owned private equity commercial real estate. It focuses on properties anticipated to return both lease income and appreciation of the buildings' marketable value. The property holdings usually contain real estate from the multifamily, office, warehouse/manufacturing, and retail sectors. This Separate Account is subject to investment and liquidity risk and other risks inherent in real estate, such as those associated with general and local economic conditions.

Group Annuity Contracts

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

Capital Area Transportation Authority

Notes to Financial Statements

September 30, 2024

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Reclassifications	Additions	Disposals	Balance September 30, 2024
Capital assets not being depreciated:					
Land	\$ 2,442,267	\$ -	\$ -	\$ -	\$ 2,442,267
Construction in progress	6,880,621	(10,513,276)	9,540,985	-	5,908,330
Subtotal	9,322,888	(10,513,276)	9,540,985	-	8,350,597
Capital assets being depreciated:					
Buildings	41,877,921	22,939	-	(91,115)	41,809,745
Vehicles	70,653,561	9,626,511	-	(7,051,548)	73,228,524
Furniture, fixtures, and computers	10,315,438	136,662	-	(4,867,255)	5,584,845
Bus shelters and signs	1,477,001	383,852	-	(35,495)	1,825,358
Equipment	2,226,044	343,312	-	(178,443)	2,390,913
Subscription-based IT assets	861,418	-	-	-	861,418
Subtotal	127,411,383	10,513,276	-	(12,223,856)	125,700,803
Accumulated depreciation:					
Buildings	26,413,415	-	1,449,819	(91,114)	27,772,120
Vehicles	44,245,250	-	5,410,061	(6,976,068)	42,679,243
Furniture, fixtures, and computers	8,655,986	-	434,202	(4,867,255)	4,222,933
Bus shelters and signs	820,811	-	99,073	(35,495)	884,389
Equipment	1,710,396	-	140,700	(178,443)	1,672,653
Subscription-based IT assets	150,360	-	192,619	-	342,979
Subtotal	81,996,218	-	7,726,474	(12,148,375)	77,574,317
Net capital assets being depreciated	45,415,165	10,513,276	(7,726,474)	(75,481)	48,126,486
Net business-type activities capital assets	\$ 54,738,053	\$ -	\$ 1,814,511	\$ (75,481)	\$ 56,477,083

Depreciation expense recognized in fiscal year 2024 is \$7,726,474.

Capital Commitments

The Authority has active projects at year end. At year end, the Authority's commitments with contractors are approximately as follows:

	Spent to Date	Remaining Commitment
Radio project	\$ 4,750,000	\$ 250,000
Bus purchases	-	15,800,000
Contactless payment	350,000	300,000
Electric vehicle charging infrastructure	-	240,000
Roofing	25,000	2,000,000
Total	\$ 5,125,000	\$ 18,590,000

Note 5 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has established a limited risk management program for workers' compensation. An excess coverage insurance policy covers individual claims in excess of \$500,000, aggregate claims in excess of \$1,505,000, and maximum insurance of \$5,000,000. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

	Workers' Compensation		Health and Related Benefit Claims	
	2024	2023	2024	2023
Estimated liability - Beginning of year	\$ 233,350	\$ 483,466	\$ 572,100	\$ 517,000
Estimated claims incurred, including changes in estimates	619,625	376,706	6,849,865	6,264,014
Claim payments	(476,160)	(636,822)	(6,952,765)	(6,208,914)
Estimated liability - End of year	<u>\$ 376,815</u>	<u>\$ 223,350</u>	<u>\$ 469,200</u>	<u>\$ 572,100</u>

Note 6 - Pension Plans

Plan Description

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

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

The Capital Area Transportation Authority also has established a nonqualified deferred compensation plan under Section 457(f) of the Internal Revenue Code for certain key employees. The plan provides for the deferral of compensation until the deferred vesting date. This plan does not meet the definition of a fiduciary activity and is not reported as a trust fund.

Benefits Provided

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

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

Benefit terms, including contribution requirements, for the deferred compensation plan are established and may be amended by the Authority. Upon vesting, participants are entitled to receive the deferred amounts plus any earnings. Distributions are made in accordance with the terms of the plan.

Note 6 - Pension Plans (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Union Employees' Retirement Plan	Administrative Employees' Retirement Plan
Date of member count	December 31, 2023	December 31, 2023
Inactive plan members or beneficiaries currently receiving benefits	171	35
Inactive plan members entitled to but not yet receiving benefits	73	56
Active plan members	243	74
Total employees covered by the plan	<u>487</u>	<u>165</u>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The Authority hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to make pension contributions of \$90.00 per week to the Union Employees' Retirement Plan and 7 percent of compensation paid per month to the Administrative Employees' Retirement Plan. The Authority's required contribution is determined after consideration of the required contribution rate of employees, including a required match of all participant contributions to the Union Employees' Retirement Plan. For the year ended September 30, 2024, the Authority's average contribution rate was 10 percent and 15 percent of annual payroll for the Union Employees' Retirement Plan and Administrative Employees' Retirement Plan, respectively.

Net Pension Liability

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

	Union Employees' Retirement Plan	Administrative Employees' Retirement Plan
Measurement date used for the Authority's net pension liability	December 31, 2023	December 31, 2023
Based on a comprehensive actuarial valuation as of	December 31, 2023	December 31, 2023

Note 6 - Pension Plans (Continued)

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

Union Employees' Retirement Plan

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at January 1, 2023	\$ 46,055,689	\$ 49,015,175	\$ (2,959,486)
Changes for the year:			
Service cost	913,816	-	913,816
Interest	2,753,622	-	2,753,622
Differences between expected and actual experience	354,331	-	354,331
Changes in assumptions	(309,786)	-	(309,786)
Contributions - Employer	-	1,074,899	(1,074,899)
Contributions - Employee	-	1,074,900	(1,074,900)
Net investment income	-	7,546,186	(7,546,186)
Benefit payments, including refunds	(3,048,714)	(3,048,714)	-
Administrative expenses	-	(51,873)	51,873
Net changes	663,269	6,595,398	(5,932,129)
Balance at December 31, 2023	\$ 46,718,958	\$ 55,610,573	\$ (8,891,615)

The Union Employees' Retirement Plan's fiduciary net position represents 119 percent of the total pension liability.

Administrative Employees' Retirement Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2023	\$ 22,385,103	\$ 19,412,388	\$ 2,972,715
Changes for the year:			
Service cost	726,499	-	726,499
Interest	1,361,846	-	1,361,846
Differences between expected and actual experience	503,566	-	503,566
Changes in assumptions	(174,274)	-	(174,274)
Contributions - Employer	-	818,787	(818,787)
Contributions - Employee	-	337,644	(337,644)
Net investment income	-	2,589,654	(2,589,654)
Benefit payments, including refunds	(828,342)	(828,342)	-
Administrative expenses	-	(64,102)	64,102
Net changes	1,589,295	2,853,641	(1,264,346)
Balance at December 31, 2023	\$ 23,974,398	\$ 22,266,029	\$ 1,708,369

The Administrative Employees' Retirement Plan's fiduciary net position represents 92.9 percent of the total pension liability.

September 30, 2024

Note 6 - Pension Plans (Continued)

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

For the year ended September 30, 2024, the Authority recognized combined pension cost recovery of \$1,239,835 from both plans.

At September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions for both plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,204,177	\$ (164,900)
Changes in assumptions	43,396	(378,876)
Net difference between projected and actual earnings on pension plan investments	1,037,062	(852,455)
Employer contributions to the plan subsequent to the measurement date	1,421,797	-
Total	\$ 3,706,432	\$ (1,396,231)

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

Years Ending September 30	Amount
2025	\$ (174,744)
2026	553,895
2027	1,692,917
2028	(1,183,664)
Total	\$ 888,404

Actuarial Assumptions

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

	Union Employees' Retirement Plan	Administrative Employees' Retirement Plan
Inflation	2.00%	2.00%
Salary increases	2.00%	4.00%
Investment rate of return (net of investment expenses)	6.00%	6.00%
Mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables for annuitants and nonannuitants, Public General employment, sex distinct, 2024 Adjusted MP-2021 improvement scale	Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables for annuitants and nonannuitants, Public General employment, sex distinct, 2024 Adjusted MP-2021 improvement scale

Note 6 - Pension Plans (Continued)

Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2023 measurement date for each major asset class included in the pension plans' target asset allocation are summarized in the following tables:

Asset Class	Union Employees' Retirement Plan		Administrative Employees' Retirement Plan	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Large Cap S&P 500 Index Fund	55.00 %	6.00 %	- %	- %
General Investment Fund	45.00	1.50	-	-
Large U.S. equity	-	-	33.30	4.96
Small/Mid U.S. equity	-	-	5.70	5.50
International equity	-	-	15.90	5.52
Real estate	-	-	6.90	4.17
Fixed income	-	-	38.20	2.88

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

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

	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net pension asset of the Union Employees' Retirement Plan	\$ (3,662,674)	\$ (8,891,615)	\$ (13,136,211)
Net pension liability (asset) of the Administrative Employees' Retirement Plan	4,641,622	1,708,369	(737,064)

Benefit Changes

With the most recent actuarial valuation for the Union Employees' Pension Plan, the most recent plan amendment is reflected, which includes an increase of \$6 in the normal retirement benefit rate for termination dates after October 1, 2019.

Assumption Changes

The mortality assumptions were updated to the most recent improvement scale for both the Union Employees' Retirement Plan and the Administrative Employees' Retirement Plan.

September 30, 2024

Note 6 - Pension Plans (Continued)

Investment Policy

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the authority board by a majority vote of its members. It is the policy of the authority board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the authority board's adopted asset allocation policy as of the December 31, 2023 measurement date:

Asset Class	Target Allocation	
	Union Employees' Retirement Plan	Administrative Employees' Retirement Plan
Large Cap S&P 500 Index Fund	55.00 %	- %
General Investment Fund	45.00	-
Large U.S. equity	-	33.30
Small/Mid U.S. equity	-	5.70
International equity	-	15.90
Real estate	-	6.90
Fixed income	-	38.20
Total	100.00 %	100.00 %

Rate of Return

For the measurement period ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.28 percent for the union plan and 13.25 percent for the administrative plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7 - Other Postemployment Benefit Plan

Plan Description

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

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

In November 2022, the Plan was amended to be closed to any employees hired after December 1, 2019.

Benefits Provided

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	October 1, 2023
Inactive plan members or beneficiaries currently receiving benefits	171
Active plan members	216
Total plan members	387

Note 7 - Other Postemployment Benefit Plan (Continued)

Contributions

The contribution requirements of the plan members and the Authority are established and may be amended by the authority board. Actively employed plan members have no obligation to contribute to the Plan. Retiree health care costs are recognized when paid by the Authority on a pay-as-you-go basis. The Authority has no obligation to make contributions in advance of when the insurance premiums are due for payment. At its discretion, the Authority will contribute to the trust as able.

Net OPEB Liability

The Authority has chosen to use the September 30 measurement date as its measurement date for the net OPEB liability. The September 30, 2024 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the September 30, 2024 measurement date. The September 30, 2024 measurement date total OPEB liability was determined by an actuarial valuation performed as of October 1, 2023, and projections were used to roll the information forward to the measurement date.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at October 1, 2023	\$ 69,891,194	\$ 14,778,162	\$ 55,113,032
Changes for the year:			
Service cost	2,411,343	-	2,411,343
Interest	3,789,117	-	3,789,117
Differences between expected and actual experience	(10,447,033)	-	(10,447,033)
Changes in assumptions	(9,822,226)	-	(9,822,226)
Contributions - Employer	-	2,180,911	(2,180,911)
Net investment income	-	3,888,380	(3,888,380)
Benefit payments, including refunds	(1,349,233)	(1,349,233)	-
Net changes	(15,418,032)	4,720,058	(20,138,090)
Balance at September 30, 2024	<u>\$ 54,473,162</u>	<u>\$ 19,498,220</u>	<u>\$ 34,974,942</u>

The Plan's fiduciary net position represents 35.8 percent of the total OPEB liability.

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

For the year ended September 30, 2024, the Authority recognized OPEB expense of \$609,548.

At September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,432,116	\$ (9,527,611)
Changes in assumptions	5,925,714	(27,213,602)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,591,995)
Total	<u>\$ 10,357,830</u>	<u>\$ (38,333,208)</u>

Note 7 - Other Postemployment Benefit Plan (Continued)

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

Years Ending September 30	Amount
2025	\$ (4,420,941)
2026	(4,240,981)
2027	(8,766,438)
2028	(7,842,131)
2029	(2,704,887)
Total	<u>\$ (27,975,378)</u>

Actuarial Assumptions

The total OPEB liability in the October 1, 2023 actuarial valuation was determined using an inflation assumption included in the expected return; assumed salary increases of 3.5 percent; an investment rate of return (net of investment expenses, including inflation) of 7.0 percent; a health care cost trend rate of 7.25 percent, graded 0.25 percent per year to an ultimate rate of 4.5 percent; and the Pub-2010 mortality tables with MP-2021 improvement scale. All assumptions were applied to all periods included in the measurement.

See below for the assumptions related to retirement rates:

Age	Rates
59	35.00 %
60	15.00
61	10.00
62	30.00
63-66	15.00
67-70	20.00
70	100.00

The actuarial assumptions used in the October 1, 2023 valuation were based on the results of an actuarial experience study as of September 30, 2023.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.08 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the Plan's net position was projected to be insufficient to make projected future benefit payments of current plan members beyond 2047. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield.

Note 7 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the September 30, 2024 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment policy section of this footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Stock market index fund	6.50 %
Bond and corporate index fund	2.75

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

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 5.08 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (4.08%)	Current Discount Rate (5.08%)	1 Percentage Point Increase (6.08%)
Net OPEB liability of the Plan	\$ 42,718,099	\$ 34,974,942	\$ 28,619,449

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

The following presents the net OPEB liability of the Authority, calculated using the health care cost trend rate of 7.25 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Health Care Cost Trend Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net OPEB liability of the Plan	\$ 27,282,960	\$ 34,974,942	\$ 44,618,410

Assumption Changes

In the 2024 valuation, a full actuarial experience study was conducted in conjunction with the valuation. Changes in actuarial assumptions lowered the liability by \$9.8 million (-15 percent). Modifying the retirement assumption per the actuarial experience study performed during 2024 generated \$11.1 million of the gains. Updating the discount rate and mortality improvement scale combined to create a \$1.3 million loss.

Note 7 - Other Postemployment Benefit Plan (Continued)

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of September 30, 2024:

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

Concentrations

At September 30, 2024, the Plan held 100 percent of its investment portfolio in three Vanguard mutual funds.

Rate of Return

For the year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 31.94 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 8 - Commitments

Bus tires are to be furnished to the Authority under the terms of a supplier agreement effective January 1, 2024 through December 31, 2026. Payments for the use of the tires are to be made monthly and are based on the number of miles run. Bus tire expense under this agreement for the year ended September 30, 2024 was \$188,452.

Note 9 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial. A provision for vehicle claims that existed at September 30, 2024 is recorded as a reserve for vehicle liability claims, as estimated by management, on the statement of net position.

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

September 30, 2024

Note 10 - Cost Allocation Plan

The Authority has a cost allocation plan for all allocated expenses. The four allocation plans were approved by the State's Office of Passenger Transportation. The first allocation plan is the 2012 Administrative Cost Plan approved in 2012, which was the allocation plan used in the preparation of the financial statements for all expenses except for Meals on Wheels expenses and Job Access and Reverse Commute (JARC) program expenses. There are separate allocation plans for the Meals on Wheels service (approved in 2013), JARC program expenses (approved in 2015), and the Service Initiatives (Regional Collaboration - approved in 2023).

Note 11 - Eligible and Ineligible Costs

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

Depreciation expense on assets purchased with state or federal grant funds is shown as ineligible expenses. The ineligible depreciation amount of \$7,581,077 on assets purchased with state or federal funds has been reported in PTMS (Public Transportation Management System) code 55007. Depreciation expense of assets purchased with local funds where the useful life of the asset purchased has been approved by the OPT is reported as an eligible expense.

Lease amortization expense on leases funded with a capital contract is shown as ineligible expenses. The ineligible lease amortization amount of \$96,309 on leases funded with a capital contract has been reported in PTMS code 55050.

The revenue schedules report \$31,680 as building rental, \$96,231 as parking lot rental, and \$82,679 in other nontransportation revenue. Expenses of \$127,911 associated with building rental are shown as ineligible under PTMS code 56004. Expense of \$76,418 associated with other nontransportation revenue is shown as ineligible under PTMS code 55010.

Other expenses in the amount of \$320,450 are reported as ineligible under PTMS code 55008. This includes \$846 in Meals on Wheels revenue that was reported in revenue code 40400 and other ineligible items, such as gifts and donations. Ineligible interest of \$0 was reported under PTMS code 55006.

A portion of ineligible association dues in the amount of \$11,456 was reported as ineligible under PTMS code 55009.

Other operating expenses that were paid for by capital contract are subtracted out as ineligible. Expenses include preventive maintenance expenses of \$0 (PTMS code 55011) and operating expenses paid by capital contract of \$646,609 (PTMS code 57604).

Loss on disposal of assets in the amount of \$189,266 was included in expenses and shown as ineligible under PTMS code 58009.

The Authority had a pension cost recovery of \$1,239,835, of which \$(3,135,235) has been shown as ineligible under PTMS code 58020 - Ineligible DB Pension. The amount of \$1,421,797 was paid into the pension trust in fiscal year 2024 by the Authority.

The Authority expensed \$609,549 in other postemployment benefits, of which \$(1,571,362) has been shown as ineligible expense under PTMS code 58050 - Ineligible DB OPEB. An amount of \$831,678 was paid to the OPEB trust in fiscal year 2024. An additional \$1,685,785 was also paid in retirement health care expenses in fiscal year 2024 and is reported in fringe benefit expenses.

September 30, 2024

Note 12 - Subsequent Events

The Authority's federal grant revenue totals \$19,328,239 for the year ended September 30, 2024. On January 27, 2025, the Office of Management and Budget (OMB) issued a memo, OMB M-25-13, which included a directive that federal agencies must temporarily pause all activities related to obligation or disbursement of all federal financial assistance effective at 5 p.m. on January 28, 2025. In addition, the OMB issued additional information to clarify that the pause relates to funding through the president's executive orders and will not freeze programs that provide direct benefits to Americans. On January 29, 2025, the OMB rescinded the original memo. There continues to be uncertainty around OMB's actions as it relates to federal funding. It is reasonably possible that changes in federal regulations could impact the Authority's federally funded programs in the near term and that such changes could affect federal grant revenue in the future.

Required Supplementary Information

Capital Area Transportation Authority

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 913,816	\$ 783,282	\$ 842,601	\$ 884,959	\$ 884,008	\$ 761,585	\$ 778,029	\$ 769,047	\$ 901,345	\$ 878,914
Interest	2,753,622	2,628,764	2,594,602	2,523,871	2,278,649	2,020,369	1,929,620	1,835,268	1,731,432	1,566,841
Changes in benefit terms	-	1,541,435	-	-	-	1,713,717	-	-	-	-
Differences between expected and actual experience	354,331	(209,433)	(277,074)	(150,927)	265,057	287,885	137,767	474,688	600,589	336,591
Changes in assumptions	(309,786)	68,383	(178,196)	(92,796)	790,739	709,441	49,796	54,395	45,762	-
Benefit payments, including refunds	(3,048,714)	(2,675,292)	(2,031,191)	(1,672,256)	(1,777,201)	(1,439,726)	(1,734,240)	(1,442,944)	(1,408,792)	(1,698,741)
Other	-	-	-	-	1,598,420	-	-	-	-	-
Net Change in Total Pension Liability	663,269	2,137,139	950,742	1,492,851	4,039,672	4,053,271	1,160,972	1,690,454	1,870,336	1,083,605
Total Pension Liability - Beginning of year	46,055,689	43,918,550	42,967,808	41,474,957	37,435,285	33,382,014	32,221,042	30,530,588	28,660,252	27,576,647
Total Pension Liability - End of year	\$ 46,718,958	\$ 46,055,689	\$ 43,918,550	\$ 42,967,808	\$ 41,474,957	\$ 37,435,285	\$ 33,382,014	\$ 32,221,042	\$ 30,530,588	\$ 28,660,252
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,074,899	\$ 1,088,426	\$ 949,929	\$ 989,886	\$ 984,997	\$ 1,015,952	\$ 968,784	\$ 871,474	\$ 897,960	\$ 825,579
Contributions - Member	1,074,900	1,079,663	949,929	989,886	984,997	1,015,951	968,784	871,474	897,960	825,579
Net investment income (loss)	7,546,186	(5,637,811)	8,130,975	4,486,330	6,011,788	(352,613)	3,856,679	3,964,867	569,654	2,632,772
Administrative expenses	(51,873)	(53,953)	(49,858)	(47,488)	(52,973)	(46,522)	(41,047)	(51,928)	(1,408,792)	(63,761)
Benefit payments, including refunds	(3,048,714)	(2,675,292)	(2,031,191)	(1,672,256)	(1,777,201)	(1,439,726)	(1,734,240)	(1,442,944)	(73,743)	(1,698,741)
Other	-	-	-	-	-	-	-	(6,907)	-	-
Net Change in Plan Fiduciary Net Position	6,595,398	(6,198,967)	7,949,784	4,746,358	6,151,608	193,042	4,018,960	4,206,036	883,039	2,521,428
Plan Fiduciary Net Position - Beginning of year	49,015,175	55,214,142	47,264,358	42,518,000	36,366,392	36,173,350	32,154,390	27,948,354	27,065,315	24,543,887
Plan Fiduciary Net Position - End of year	\$ 55,610,573	\$ 49,015,175	\$ 55,214,142	\$ 47,264,358	\$ 42,518,000	\$ 36,366,392	\$ 36,173,350	\$ 32,154,390	\$ 27,948,354	\$ 27,065,315
Authority's Net Pension (Asset) Liability - Ending	\$ (8,891,615)	\$ (2,959,486)	\$ (11,295,592)	\$ (4,296,550)	\$ (1,043,043)	\$ 1,068,893	\$ (2,791,336)	\$ 66,652	\$ 2,582,234	\$ 1,594,937
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	119.03 %	106.43 %	125.72 %	110.00 %	102.51 %	97.14 %	108.36 %	99.79 %	91.54 %	94.44 %
Covered Payroll	\$ 13,119,766	\$ 10,762,353	\$ 9,748,713	\$ 11,374,377	\$ 12,282,176	\$ 15,464,724	\$ 13,242,033	\$ 13,751,977	\$ 13,051,323	\$ 12,216,374
Authority's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(67.77)%	(27.50)%	(115.87)%	(37.77)%	(8.49)%	6.91 %	(21.08)%	0.48 %	19.79 %	13.06 %

**Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Union Employees' Retirement Plan (Continued)**

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

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

Assumption Changes

For the fiscal year ended September 30, 2024 (December 31, 2023 actuarial valuation), the mortality assumptions were updated to the most recent improvement scale.

For the fiscal year ended September 30, 2023 (December 31, 2022 actuarial valuation), the mortality assumptions were updated to the most recent improvement scale.

For the fiscal year ended September 30, 2020 (December 31, 2019 actuarial valuation), the mortality assumption was updated to the Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables with MP-2018 improvement scale from the RP-2014 Mortality Tables with MP-2018 improvement scale.

For the fiscal year ended September 30, 2019 (December 31, 2018 actuarial valuation), the mortality assumption was updated to the RP-2014 Mortality Tables from the RP-2000 Mortality Tables.

Benefit Changes

For the fiscal year ended September 30, 2023 (December 31, 2022 actuarial valuation), the most recent plan amendment is reflected, which includes an increase of \$6 in the normal retirement benefit rate for termination dates after October 1, 2019.

For the fiscal year ended September 30, 2019 (December 31, 2018 actuarial valuation), the most recent plan amendment executed on January 24, 2018 is reflected, which includes an increase of \$6 in the normal retirement benefit rate for termination dates after September 30, 2019.

Capital Area Transportation Authority

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 726,499	\$ 653,555	\$ 641,235	\$ 567,379	\$ 567,036	\$ 559,994	\$ 441,360	\$ 505,572	\$ 414,794	\$ 424,887
Interest	1,361,846	1,246,344	1,246,975	1,204,422	1,135,258	1,198,325	1,181,777	1,192,736	1,137,093	1,065,211
Changes in benefit terms	-	-	-	-	205,693	-	-	-	-	-
Differences between expected and actual experience	503,566	1,113,661	(349,437)	7,800	(269,239)	(1,115,225)	1,751,137	110,949	232,973	329,293
Changes in assumptions	(174,274)	33,949	(76,885)	(41,736)	398,989	445,745	25,631	23,815	432,360	-
Benefit payments, including refunds	(828,342)	(1,562,502)	(713,852)	(798,063)	(972,660)	(3,321,283)	(3,164,209)	(738,853)	(2,022,338)	(952,299)
Miscellaneous other charges	-	-	(693,086)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,589,295	1,485,007	54,950	939,802	1,065,077	(2,232,444)	235,696	1,094,219	194,882	867,092
Total Pension Liability - Beginning of year	22,385,103	20,900,096	20,845,146	19,905,344	18,840,267	21,072,711	20,837,015	19,742,796	19,547,914	18,680,822
Total Pension Liability - End of year	\$ 23,974,398	\$ 22,385,103	\$ 20,900,096	\$ 20,845,146	\$ 19,905,344	\$ 18,840,267	\$ 21,072,711	\$ 20,837,015	\$ 19,742,796	\$ 19,547,914
Plan Fiduciary Net Position										
Contributions - Employer	\$ 818,787	\$ 611,255	\$ 600,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 633,906	\$ 395,223	\$ 409,598
Contributions - Member	337,644	294,440	259,234	228,558	222,366	217,558	192,200	88,907	180,979	193,090
Net investment income (loss)	2,589,654	(3,682,451)	2,277,258	2,156,534	3,421,692	(317,632)	2,776,672	846,742	144,288	1,556,717
Administrative expenses	(64,102)	(64,487)	(58,512)	(26,817)	(24,284)	(25,389)	(29,531)	(51,063)	(42,357)	(35,930)
Benefit payments, including refunds	(828,342)	(1,562,502)	(713,852)	(798,063)	(972,660)	(3,321,283)	(3,164,209)	(738,853)	(2,022,338)	(952,299)
Other	-	-	-	-	-	-	-	(4,358)	-	-
Net Change in Plan Fiduciary Net Position	2,853,641	(4,403,745)	2,364,128	2,260,212	3,347,114	(2,746,746)	475,132	775,281	(1,344,205)	1,171,176
Plan Fiduciary Net Position - Beginning of year	19,412,388	23,816,133	21,452,005	19,191,793	15,844,679	18,591,425	18,116,293	17,341,012	18,685,217	17,514,041
Plan Fiduciary Net Position - End of year	\$ 22,266,029	\$ 19,412,388	\$ 23,816,133	\$ 21,452,005	\$ 19,191,793	\$ 15,844,679	\$ 18,591,425	\$ 18,116,293	\$ 17,341,012	\$ 18,685,217
Authority's Net Pension Liability (Asset) - Ending	\$ 1,708,369	\$ 2,972,715	\$ (2,916,037)	\$ (606,859)	\$ 713,551	\$ 2,995,588	\$ 2,481,286	\$ 2,720,722	\$ 2,401,784	\$ 862,697
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.87 %	86.72 %	113.95 %	102.91 %	96.42 %	84.10 %	88.23 %	86.94 %	87.83 %	95.59 %
Covered Payroll	\$ 5,049,275	\$ 4,208,479	\$ 3,680,728	\$ 3,440,784	\$ 3,089,692	\$ 3,262,260	\$ 3,153,829	\$ 2,344,817	\$ 2,981,719	\$ 3,039,472
Authority's Net Pension Liability (Asset) as a Percentage of Covered Payroll	33.83 %	70.64 %	(79.22)%	(17.64)%	23.09 %	91.83 %	78.68 %	116.03 %	80.55 %	28.38 %

**Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Administrative Employees' Retirement Plan (Continued)**

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

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

Assumption Changes

For the fiscal year ended September 30, 2024 (December 31, 2023 actuarial valuation), the mortality assumptions were updated to the most recent improvement scale.

For the fiscal year ended September 30, 2023 (December 31, 2022 actuarial valuation), the mortality assumptions were updated to the most recent improvement scale.

For the fiscal year ended September 30, 2020 (December 31, 2019 actuarial valuation), the mortality assumption was updated to the Society of Actuaries Pub-2010 Public Retirement Plans Mortality Tables with MP-2018 improvement scale from the RP-2014 Mortality Tables with MP-2018 improvement scale.

For the fiscal year ended September 30, 2019 (December 31, 2018 actuarial valuation), the mortality assumption was updated to the RP-2014 Mortality Tables from the RP-2000 Mortality Tables.

Capital Area Transportation Authority

Required Supplementary Information Schedule of Pension Investment Returns

	Last Ten Fiscal Years									
	Measurement Date is December 31 of the Previous Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Union Employees' Retirement Plan - Annual money-weighted rate of return - Net of investment expense	17.28 %	(10.25)%	17.20 %	11.50 %	18.23 %	(0.78)%	12.52 %	7.38 %	2.07 %	10.20 %
Administrative Employees' Retirement Plan - Annual money-weighted rate of return - Net of investment expense	13.25 %	(15.70)%	14.30 %	12.00 %	20.01 %	(2.00)%	16.57 %	8.07 %	0.80 %	8.60 %

Capital Area Transportation Authority

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

Last Eight Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 2,411,343	\$ 3,016,883	\$ 4,421,394	\$ 5,363,106	\$ 1,934,910	\$ 2,022,770	\$ 1,781,196	\$ 1,738,555
Interest	3,789,117	3,626,125	2,746,713	2,251,420	2,136,164	2,021,059	1,377,737	1,299,584
Changes in benefit terms	-	(1,231,433)	-	-	-	-	-	-
Differences between expected and actual experience	(10,447,033)	(847,932)	742,865	(876,766)	14,139,217	(80,917)	341,423	75,294
Changes in assumptions	(9,822,226)	(1,210,465)	(26,213,754)	(9,268,940)	20,889,644	(155,995)	1,155,482	-
Valuation of Medicare support	-	-	-	-	-	-	11,712,289	-
Benefit payments, including refunds	(1,349,233)	(1,437,733)	(1,106,021)	(1,052,591)	(1,660,107)	(1,229,414)	(947,617)	(1,185,270)
Net Change in Total OPEB Liability	(15,418,032)	1,915,445	(19,408,803)	(3,583,771)	37,439,828	2,577,503	15,420,510	1,928,163
Total OPEB Liability - Beginning of year	69,891,194	67,975,749	87,384,552	90,968,323	53,528,495	50,950,992	35,530,482	33,602,319
Total OPEB Liability - End of year	\$ 54,473,162	\$ 69,891,194	\$ 67,975,749	\$ 87,384,552	\$ 90,968,323	\$ 53,528,495	\$ 50,950,992	\$ 35,530,482
Plan Fiduciary Net Position								
Contributions - Employer	\$ 2,180,911	\$ 2,229,807	\$ 1,860,377	\$ 1,731,854	\$ 2,344,240	\$ 1,880,969	\$ 1,568,146	\$ 1,725,577
Contributions - Employee	-	-	-	39,077	43,679	-	-	50,673
Net investment income (loss)	3,888,380	1,586,220	(2,396,831)	2,205,104	1,154,874	470,085	841,383	794,781
Benefit payments, including refunds	(1,349,233)	(1,437,733)	(1,106,021)	(1,052,591)	(1,660,107)	(1,229,414)	(947,617)	(1,185,271)
Other	-	-	-	-	(43,687)	-	-	3,047
Net Change in Plan Fiduciary Net Position	4,720,058	2,378,294	(1,642,475)	2,923,444	1,838,999	1,121,640	1,461,912	1,388,807
Plan Fiduciary Net Position - Beginning of year	14,778,162	12,399,868	14,042,343	11,118,899	9,279,900	8,158,260	6,696,348	5,307,541
Plan Fiduciary Net Position - End of year	\$ 19,498,220	\$ 14,778,162	\$ 12,399,868	\$ 14,042,343	\$ 11,118,899	\$ 9,279,900	\$ 8,158,260	\$ 6,696,348
Net OPEB Liability - Ending	\$ 34,974,942	\$ 55,113,032	\$ 55,575,881	\$ 73,342,209	\$ 79,849,424	\$ 44,248,595	\$ 42,792,732	\$ 28,834,134
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	35.79 %	21.14 %	18.24 %	16.07 %	12.22 %	17.34 %	16.01 %	18.85 %
Covered-employee Payroll	\$ 18,292,534	\$ 19,033,422	\$ 20,797,521	\$ 20,486,818	\$ 22,057,485	\$ 21,304,311	\$ -	\$ -
Net OPEB Liability as a Percentage of Covered-employee Payroll	191.20 %	289.56 %	267.22 %	358.00 %	362.01 %	207.70 %	- %	- %

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios (Continued)

Last Eight Fiscal Years

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

Assumption Changes

In the 2024 valuation, the discount rate decreased from 5.29 percent to 5.08 percent. Further, a full actuarial experience study was conducted in conjunction with the valuation. Changes in actuarial assumptions lowered the liability by \$9.8 million (-15 percent). Modifying the retirement assumption per the actuarial experience study performed during 2024 generated \$11.1 million of the gains. Updating the discount rate (from 5.29 to 5.08) and mortality improvement scale combined to create a \$1.3 million loss.

In the 2023 valuation, the discount rate increased from 5.16 percent to 5.29 percent.

In the 2022 valuation, the discount rate increased from 3.01 percent to 5.16 percent.

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

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

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

Benefit Changes

With the 2023 actuarial valuation, the most recent plan amendment is reflected, which closed the Plan to all employees hired after December 1, 2019.

Capital Area Transportation Authority

Required Supplementary Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended September 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 15,370,843	\$ 13,304,688	\$ 15,194,263	\$ 15,309,872	\$ 8,657,571	\$ 7,677,439	\$ 5,138,595	\$ 4,705,924	\$ 2,848,496	\$ 2,529,661
Contributions in relation to the actuarially determined contribution	2,180,911	2,229,807	1,860,377	1,731,854	2,344,240	1,880,969	1,568,146	1,725,577	2,168,986	983,504
Contribution Deficiency	\$ (13,189,932)	\$ (11,074,881)	\$ (13,333,886)	\$ (13,578,018)	\$ (6,313,331)	\$ (5,796,470)	\$ (3,570,449)	\$ (2,980,347)	\$ (679,510)	\$ (1,546,157)
Covered-employee Payroll	\$ 18,292,534	\$ 19,033,422	\$ 20,797,521	\$ 20,486,818	\$ 22,057,485	\$ 21,304,311	\$ -	\$ -	\$ -	\$ -

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Contributions for the Authority's fiscal year ended September 30, 2024 were determined based on the actuarial valuation as of September 30, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percent)
Amortization method	Level percent
Remaining amortization period	5 years
Asset valuation method	Equal to market value of asset
Inflation	Included in the expected return
Health care cost trend rates	7.25 percent, graded 0.25 percent per to an ultimate rate of 4.50 percent
Salary increase	3.50 percent
Investment rate of return	7.00 percent
Retirement age	60 years
Mortality	PubH 2010 mortality tables with the MP-2021 improvement scale

Capital Area Transportation Authority

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

**Last Seven Fiscal Years
Years Ended September 30**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	31.94 %	26.90 %	(17.07)%	19.83 %	12.23 %	5.65 %	11.35 %

Supplementary Information

Capital Area Transportation Authority

Supplementary Information Statement of Fiduciary Net Position Fiduciary Funds

	Union Pension Plan December 31, 2023	Admin Pension Plan December 31, 2023	Retiree OPEB Trust September 30, 2024	Total Pension and OPEB Fiduciary Funds
Assets				
Investments:				
Large U.S. equity	\$ 32,964,056	\$ 7,422,554	\$ -	\$ 40,386,610
Small/mid U.S. equity	-	1,274,857	-	1,274,857
International equity	-	3,543,546	-	3,543,546
Mutual funds	-	-	19,498,220	19,498,220
Fixed income	-	8,497,312	-	8,497,312
Other	-	1,527,760	-	1,527,760
Group annuity contracts	22,646,517	-	-	22,646,517
Total assets	55,610,573	22,266,029	19,498,220	97,374,822
Liabilities				
	-	-	-	-
Net Position - Restricted				
Pension	55,610,573	22,266,029	-	77,876,602
Postemployment benefits other than pension	-	-	19,498,220	19,498,220
Total net position	<u>\$ 55,610,573</u>	<u>\$ 22,266,029</u>	<u>\$ 19,498,220</u>	<u>\$ 97,374,822</u>

Capital Area Transportation Authority

Supplementary Information Statement of Changes in Fiduciary Net Position Fiduciary Funds

	Union Pension Plan Year Ended December 31, 2023	Admin Pension Plan Year Ended December 31, 2023	Retiree OPEB Trust Year Ended September 30, 2024	Total Pension and OPEB Fiduciary Funds
Additions				
Investment income:				
Interest and dividends	\$ 758,162	\$ 646,706	\$ 387,661	\$ 1,792,529
Change in fair value of investments	6,790,185	1,942,949	3,500,718	12,233,852
Net investment income	7,548,347	2,589,655	3,888,379	14,026,381
Contributions:				
Employer contributions	1,073,820	818,787	2,180,912	4,073,519
Member contributions	1,073,820	337,644	-	1,411,464
Total contributions	2,147,640	1,156,431	2,180,912	5,484,983
Total additions - Net	9,695,987	3,746,086	6,069,291	19,511,364
Deductions				
Benefit payments	3,048,714	828,342	1,349,233	5,226,289
Administrative expenses	51,875	64,103	-	115,978
Total deductions	3,100,589	892,445	1,349,233	5,342,267
Net Increase in Net Position	6,595,398	2,853,641	4,720,058	14,169,097
Net Position - Beginning of year	49,015,175	19,412,388	14,778,162	83,205,725
Net Position - End of year	\$ 55,610,573	\$ 22,266,029	\$ 19,498,220	\$ 97,374,822

Capital Area Transportation Authority

Supplementary Information

1. Schedule of Operating Revenues

Year Ended September 30, 2024

Local operating revenues:

40100	Linehaul - Farebox (Urban)	\$	1,826,696
40100	Paratransit - Farebox (Urban)		693,837
40100	Rural Services - Farebox		36,008
40100	Senior shopping bus - Fare Box		-
40400	Meals on Wheels		846
40610	Concessions		4,639
40615	Advertising		286,667
40620	Intercity Ticket Sales		23,725
40720	Rental of Building		31,680
40725	Parking Lot		96,231
40760	Gain on Sale of Assets		82,002
40799	Other Miscellaneous Revenue		82,679
40950	Contract Services		10,177,916

Total local operating revenues

13,342,926

State of Michigan operating grants:

41101	*Operating grant (Act 51) - Urban		20,633,713
41101	Operating grant (Act 51) - Urban - PY		204,176
41101	Operating grant (Act 51) - Rural		1,537,247
41101	Operating grant (Act 51) - Rural - PY		14,817
41199	Specialized Services		21,392
41199	Service Initiatives Grant		152,358
41111	Operating grant - Preventative Maintenance		-
41114	Other Capital Contract Reimburse for Operating Expenses		116,820

Total State of Michigan operating grants

22,680,523

Federal operating grants:

41301	Operating Grant - Rural - 5311		438,911
41301	Operating Grant - Rural - 5311 - PY		-
41311	Federal grant - Preventative Maintenance		-
41314	Other Capital Contract Reimburse for Operating Expenses		529,789
41360	Operating Grant - Rural - 5311 CARES Act Flex		-
41361	Operating Grant - 5307 CARES Act		1,006,572
41363	Operating Grant - 5307 ARP Act		12,412,025

Total Federal operating grants

14,387,297

Local nonoperating revenues:

40800	Property tax		21,225,602
41400	Investment Income		1,972,518
43000	Contributed services		20,000

Total Local nonoperating revenue

23,218,120

Total nonoperating revenue

60,285,940

Total Revenue

\$ 73,628,866

*Includes \$4,940,943 of Federal funding recorded under CFDA 21.027 on Schedule of Federal and State Awards which is included in Government Operating Grants-Federal on Statement of Revenue, Expenses, and Changes in Net Position

Capital Area Transportation Authority

Supplementary Information 2. Schedule of Expenditures for Federal and State Awards

Year Ended September 30, 2024

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Project Number	State Project Number	Federal Expenditures	State Expenditures	Total Expenditures
U.S. Department of Transportation - Direct programs:						
Federal Transit Cluster:						
Federal Transit - Formula Grants (CRRSAA)	20.507	MI-0090-4022	No State match	\$ 1,006,572	\$ -	\$ 1,006,572
Federal Transit - Formula Grants (ARP)	20.507	MI-0090-4023	No State match	12,412,025	-	12,412,025
Federal Transit - Formula Grants	20.507	MI-0090-X789	2012-0055-P03D	441,381	110,359	551,740
Federal Transit - Formula Grants	20.507	MI-0090-X782	2012-0055-P28C	47,022	11,749	58,771
Federal Transit - Formula Grants	20.507	MI-0095-X127	2012-0055-P28A	57,712	2,000	59,712
Federal Transit - Formula Grants	20.507	MI-0095-X130	2017-0027-P03D	9,453	2,363	11,816
Federal Transit - Formula Grants	20.507	MI-0095-X105	2012-0055-P012	124,988	31,247	156,235
Federal Transit - Formula Grants	20.507	MI-0090-X805	2017-0027-P06D	117,236	29,299	146,535
Federal Transit - Formula Grants	20.507	MI-0090-X819	2019-0027-P11D	128,602	32,165	160,767
Federal Transit - Formula Grants	20.507	MI-0090-X855	2017-0027-P013D	453,271	113,307	566,578
Federal Transit - Formula Grants	20.507	MI-0090-X870	2017-0027-P017D	3,499,032	874,758	4,373,790
Federal Transit - Formula Grants	20.507	MI-0090-X888	2022-0027-P04	2,320,276	580,069	2,900,345
Bus and Bus Facilities Formula Program	20.526	MI-0034-0115	2017-0027-P017D	126,750	31,687	158,437
Bus and Bus Facilities Formula Program	20.526	MI-0034-0100	2017-0027-P13B	42,793	10,691	53,484
Bus and Bus Facilities Formula Program	20.526	MI-0034-0112	2017-0027-P18	9,172	2,293	11,465
Bus and Bus Facilities Formula Program	20.526	MI-0034-0074	2019-0027-P11B	(6)	6	-
Bus and Bus Facilities Formula Program	20.526	MI-0034-0119	2022-0027-P4	75,996	18,999	94,995
Total Federal Transit Cluster				20,872,275	1,850,992	22,723,267
Transit Services Program Cluster:						
Formula Grants for Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	MI-0016-X010	2012-0055-P013	12,798	-	12,798
U.S. Department of Transportation - Pass-through programs from Michigan Department of Transportation (MDOT)						
Formula Grants for Rural Areas						
Section 5311 Operating Formula Grant	20.509	MI-2022-0027-P5		438,911	-	438,911
Coronavirus State and Local Fiscal Recovery Funds & Non-Metropolitan Planning & Research	21.027			4,940,943	-	4,940,943
Michigan Department of Transportation						
Operating Assistance - Act 51 (FY 19)						
Urban - Current Year	N/A		N/A		15,699,541	15,699,541
Urban - Prior Year	N/A		N/A		204,175	204,175
Nonurban - Current Year	N/A		N/A		1,537,247	1,537,247
Nonurban - Prior Year	N/A		N/A		14,817	14,817
				-	17,455,780	17,455,780
Specialized Services FY 24	N/A	N/A	2022-0027-P8	-	21,392	21,392
Specialized Services - Prior Year				-	1	1
Service Initiatives	N/A	N/A	2022-0027-P3	-	152,358	152,358
Service Initiatives	N/A	N/A	2022-0027-P10	-	115,000	115,000
Total				\$ 26,264,927	\$ 19,595,523	\$ 45,860,450

3. Schedule of Expense by Contract and General Operations

For the Year Ended September 30, 2024

Description	MI-0095-X127	MI-90-X789	MI-0090-X805	MI-0090-X819	MI-0090-X855	MI-0090-4023	MI-0090-4022	MI-0090-X888	MI-0016-X010	General Operations Urban Large	General Operations Nonurban	Total
	2012-0055-P28A FY 16 S-5307	2012-0055-P03D FY 17 S-5307	2017-0027-P06D FY 18 S-5307	2017-0027-P11D FY 19 S-5307	2017-0027-P013D FY 20 S-5307	FY 22 S-5307	FY 22 S-5307	2022-0027-P04 FY 22 S-5307	2012-0055-P13 FY 13 S-5310			
						ARP	CRRSAA					
Labor						\$ 12,412,025	\$ 1,006,572	\$ -	\$ 12,798	\$ 10,640,116	\$ 552,333	\$ 24,623,844
Other fringe benefits										11,018,221	250,990	11,269,211
Purchased services:												
Advertising										690,212	30,225	720,437
Other	49,712									4,770,233	188,318	5,008,263
Materials & Supplies		187,862	146,535	32,550	52,552			164,600		5,506,201	167,566	6,257,866
Utilities										778,567	34,197	812,764
Casualty and liability costs										1,200,784	52,707	1,253,491
Purchased transportation										8,627,918	2,448,850	11,076,768
Miscellaneous expenses										548,381	15,711	564,092
Leases and rentals										71,201	3,134	74,335
Depreciation										7,401,186	325,286	7,726,472
Total	\$ 49,712	\$ 187,862	\$ 146,535	\$ 32,550	\$ 52,552	\$ 12,412,025	\$ 1,006,572	\$ 164,600	\$ 12,798	\$ 51,253,020	\$ 4,069,317	\$ 69,387,543

(1) Includes all expenses associated with this contract

(2) Includes only expenses reimbursed under this contract

Capital Area Transportation Authority

Supplementary Information 4. Urban Regular Service Revenue Report

Year Ended September 30, 2024

Code	Description	Amount
Fare Revenue		
40100	Passenger fares	\$ 2,520,533
Auxiliary Transportation Revenue		
40610	Concessions	4,639
40615	Advertising	286,667
40620	Intercity Ticket Sales	23,725
Nontransportation Revenue		
40720	Rental of buildings or other properties	31,680
40725	Parking Lot Revenue	96,231
40760	Gain from Sale of Capital Assets	82,002
40799	Other Non-Transportation Revenue	82,679
Local Revenue		
40800	Taxes levied directly for/by transit agency	21,225,602
Local Revenue		
40950	Local Service Contracts/Local Source	8,961,473
State Revenue		
41101	*State operating assistance	20,633,713
41101	State operating assistance - Prior Year	204,176
41114	Other Capital Contract Reimburse for Operating Expenses	116,820
41199	Other MDOT/OPT Contracts - Specialized Service	21,392
41199	Other MDOT/OPT Contracts - Service Initiatives Grant	152,358
Federal Revenue		
41314	Other Capital Contract Reimburse for Operating Expenses	529,789
41362	CRRSA Act	1,006,572
41363	American Rescue Plan (ARP) Act	12,412,025
Other Revenue		
41400	Investment Income	1,972,518
43000	Contributed Services	20,000
Total Urban Regular Service Revenue		\$ 70,384,594

*Includes \$4,940,943 of Federal funding recorded under CFDA 21.027 on Schedule of Federal and State Awards which is included in Government Operating Grants-Federal on Statement of Revenue, Expenses, and Changes in Net Position

Capital Area Transportation Authority

Supplementary Information 5. Urban Regular Service Expense Report

Year Ended September 30, 2024

Code	Description	Line Haul	Demand Response	Total
Labor:				
50101	Operator salaries & wages	\$ 12,704,390	\$ 2,490,147	\$ 15,194,537
50102	Other salaries & wages	5,752,584	3,124,390	8,876,974
Fringe Benefits				
50200	Other fringe benefits	7,040,811	1,898,296	8,939,107
50210	Defined Contribution Pension	557,268	180,816	738,084
50220	Defined Benefit Pension	408,640	328,102	736,742
50250	Other post retirement benefits	467,781	136,507	604,288
Services				
50302	Advertising	392,707	297,505	690,212
50305	Audit costs	42,982	31,620	74,602
50399	Other	2,940,812	1,804,531	4,745,343
Materials and supplies				
50401	Fuel and Lubricants	1,516,604	1,133,298	2,649,902
50402	Tires and tubes	103,401	77,128	180,529
50499	Other materials and supplies	2,727,275	532,594	3,259,869
Utilities				
50500	Utilities	444,302	334,265	778,567
Insurance				
50603	Liability insurance	686,598	514,186	1,200,784
Taxes and fees				
50700	Taxes and fees	2,328	1,790	4,118
Purchased transportation services				
50800	Purchased transportation services	0	8,627,918	8,627,918
Miscellaneous expenses				
50902	Travel, meetings & training	66,563	50,174	116,737
50903	Association dues & subscriptions	137,154	101,106	238,260
50909	Loss on disposal of assets	189,266	0	189,266
50960	SBITA amortization	51,557	40,631	92,188
Operating leases & rentals				
51200	Operating leases & rentals	41,239	29,962	71,201
Depreciation				
51300	Depreciation	4,177,087	3,131,911	7,308,998
Total Expenses		<u>40,451,349</u>	<u>24,866,877</u>	<u>65,318,226</u>

Capital Area Transportation Authority

Supplementary Information 5. Urban Regular Service Expense Report

Year Ended September 30, 2024

Code	Description	Line Haul	Demand Response	Total
Ineligible Expenses				
55004	Other ineligible state contracts (Specialized services, service initiatives)	173,750	0	173,750
55007	Ineligible depreciation	4,150,266	3,111,712	7,261,978
55008	Other ineligible	171,063	113,090	284,153
55009	Ineligible percent of association dues	6,235	4,735	10,970
55010	Ineligible expense associated with other revenue	76,418	0	76,418
55060	Ineligible SBITA amortization	51,557	40,631	92,188
56004	Ineligible expenses associated w/rentals	127,911	0	127,911
57604	Other ineligible operating expense paid by capital contract	646,609	0	646,609
58009	Loss on disposal of assets	189,266	0	189,266
58020	Ineligible DB Pension	(2,322,171)	(741,273)	(3,063,444)
58050	Ineligible DB OPEB	(1,164,585)	(370,859)	(1,535,444)
58099	Other ineligible benefits	81,941	25,158	107,099
Total Ineligible Expenses		2,188,260	2,183,194	4,371,454
Total Eligible Expenses		\$ 38,263,089	\$ 22,683,683	\$ 60,946,772

Capital Area Transportation Authority

Supplementary Information

6. Urban Regular Service Nonfinancial Report (Unaudited)

Year Ended September 30, 2024

Code	Description	Weekday		Saturday		Sunday		Total
		LH	DR	LH	DR	LH	DR	
610	Vehicle hours	244,645	161,571	28,486	17,478	15,503	10,956	478,639
611	Vehicle miles	3,113,140	2,209,203	370,410	216,695	207,356	139,185	6,255,989

Miscellaneous Information

Description	LH	DR	Total
Vehicle Revenue Miles	3,471,036	2,598,508	6,069,544
Non-Revenue (Service) Vehicle Miles			306,403
Gallons Fuel - LPG	-	0	0
Gallons Fuel - Diesel	802,939	292,279	1,095,218
Concession Square Footage	0		
Total CTC Building Square Footage	14,000		

Capital Area Transportation Authority

Supplementary Information

7. Nonurban County Regular Service Revenue Report

Year Ended September 30, 2024

Code	Description	Amount
	Fare Revenue	
40100	Passenger fares	\$ 36,008
	Package Delivery/Meal Delivery Programs	
40400	Package delivery/meal delivery programs	846
	Local Service Contract	
40950	Local service contract/local source	1,216,443
	State Revenue	
41101	State operating assistance	1,537,247
41101	State operating assistance - Prior Year	14,817
	Federal Revenue	
41301	Section 5311 Operating	438,911
Total Revenue		\$ 3,244,272

Capital Area Transportation Authority

Supplementary Information

8. Nonurban County Regular Service Expense Report

Year Ended September 30, 2024

Code	Description	Total
	Labor:	
50101	Operator salaries & wages	\$ 255,511
50102	Other salaries & wages	296,822
	Fringe Benefits	
50200	Other fringe benefits	185,109
50210	Defined Contribution Pension	17,392
50220	Defined Benefit Pension	34,891
50250	Other post retirement benefits	13,598
	Services	
50302	Advertising	30,225
50305	Audit costs	3,317
50399	Other	185,001
	Materials and supplies	
50401	Fuel and Lubricants	116,334
50402	Tires and tubes	7,923
50499	Other materials and supplies	43,309
	Utilities	
50500	Utilities	34,197
	Insurance	
50603	Liability insurance	52,707
	Taxes and fees	
50700	Taxes and fees	182
	Purchased transportation services	
50800	Purchased transportation services	2,448,850
	Miscellaneous expenses	
50902	Travel, meetings & training	5,139
50903	Association dues & subscriptions	10,390
50960	SBITA Amortization	4,121
	Operating leases & rentals	
51200	Operating leases & rentals	3,134
	Depreciation	
51300	Depreciation	321,165
Total Expenses		4,069,317

Capital Area Transportation Authority

Supplementary Information

8. Nonurban County Regular Service Expense Report

Year Ended September 30, 2024

Code	Description	Total
Ineligible Expenses		
55006	Other ineligible interest expense	0
55007	Ineligible depreciation	319,099
55008	Other ineligible expenses	36,297
55009	Ineligible percent of association dues	486
55060	Ineligible SBITA amortization	4,121
58020	Ineligible DB Pension	(71,791)
58050	Ineligible DB OPEB	(35,918)
58099	Other ineligible benefits	2,449
Total Ineligible Expenses		254,743
Total Eligible Expenses		\$ 3,814,574

Capital Area Transportation Authority

Supplementary Information

9. Nonurban County Regular Service Nonfinancial Report (Unaudited)

Year Ended September 30, 2024

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle hours	20,055	582	-	20,637
611	Vehicle miles	372,248	12,429	-	384,677

Miscellaneous Information

Description	Total
Vehicle Revenue Miles	266,643
Gallons Fuel - Gasoline	62,716

Capital Area Transportation Authority

Supplementary Information

10. Specialized Services Nonfinancial Report (Unaudited)

Year Ended September 30, 2024

<u>Code</u>	<u>Description</u>	<u>Weekday</u>
610	Vehicles hours	1,945
611	Vehicle miles	15,709

Miscellaneous Information

<u>Description</u>	<u>Total</u>
Vehicle Revenue Miles	12,624
Gallons Fuel - Diesel	2,024

Capital Area Transportation Authority

Supplementary Information 11. Operating Assistance Calculation

Year Ended September 30, 2024

	Urban	Nonurban
Total Expenses	\$ 65,318,226	\$ 4,069,317
Less: Ineligible expenses		
Ineligible depreciation	7,261,978	319,099
Ineligible SBITA amortization	92,188	4,121
Ineligible state contracts	173,750	-
Ineligible interest expense	-	-
Other ineligible	284,153	36,297
Ineligible percent of association dues	10,970	486
Ineligible expense associated with other revenue	76,418	-
Ineligible preventative maintenance	-	-
Ineligible expenses associated w/rentals	127,911	-
Other ineligible operating expenses paid by capital contract	646,609	-
Loss on disposal of assets	189,266	-
Ineligible DB Pension	(3,063,444)	(71,791)
Ineligible DB OPEB	(1,535,444)	(35,918)
Other ineligible benefits	107,099	2,449
Total Ineligible Expenses Per R&E Manual	4,371,454	254,743
Total State Eligible Expenses	\$ 60,946,772	\$ 3,814,574

Eligible Expenses for State Reimbursement	\$ 60,946,772	\$ 3,814,574
x Reimbursement Percentage (Budgeted)	33.85530%	40.29930%
State Operating Assistance	<u>\$ 20,633,713</u>	<u>\$ 1,537,247</u>

Total Federal Eligible Expenses

Eligible Expenses for Federal Reimbursement	\$ 3,814,574
x Reimbursement Percentage (per Project Authorization)	18.00%
State Operating Assistance (Capped at grant award of \$438,911)	<u>\$ 438,911</u>