

OAKLAND COUNTY PUBLIC TRANSPORTATION AUTHORITY

Tuesday, February 28, 2023, 9:00 a.m. – Board of Commissioners’ Pernick-Aaron Conference Rm.

Call Meeting to Order

Roll Call

[Approval of Minutes – August 11, 2022](#)

Approval of Agenda

Public Comment

REGULAR AGENDA	ACTION REQUIRED	PRESENTER(S)
1. Election of Chair	Authority Action	Marie Donigan
2. Election of Secretary	Authority Action	Marie Donigan
3. Treasurer’s Report	Receive and File	Amy Carter
4. <u>Plante Moran OCPTA Audit Presentation</u>	Receive and File	Tim St. Andrew
5. SMART Update	Informational	SMART Administration
6. Transit Update	Informational	David Woodward

COMMUNICATIONS

OTHER/ADJOURNMENT

OAKLAND COUNTY PUBLIC TRANSPORTATION AUTHORITY

1200 NORTH TELEGRAPH ROAD, PONTIAC, MICHIGAN 48341-0470

Telephone: (248) 858-0100 FAX: (248) 858-1572

David Harrell
Secretary

Marie Donigan, Chairperson

Rashon Byrd
Tameka Ramsey

August 11, 2022

Chairperson Donigan called the meeting of the Oakland County Public Transportation Authority (OCPTA) to order at 9:01 a.m. in Committee Room A of the Board of Commissioners' Auditorium Wing, at 1200 North Telegraph Road, Bldg. 12E, Pontiac, Michigan.

MEMBERS PRESENT:

Marie Donigan, David Harrell, Tameka Ramsey

MEMBERS ABSENT WITH NOTICE:

Rashon Byrd

APPROVAL OF MINUTES

Harrell moved approval of the minutes of February 15, 2022, as presented. Seconded by Ramsey.

Motion carried.

APPROVAL OF AGENDA

Ramsey moved approval of the agenda, as presented. Seconded by Harrell.

Motion carried.

PUBLIC COMMENT

None.

REGULAR AGENDA

1. TREASURER'S REPORT

Amy Carter, Junior Accountant, Treasurer's Office, provided a brief overview of the Treasurer's Report for FY 2021-2022, Month 12. The report consists of the OCPTA Authority Balance Sheet, Revenue and Expenditures, Non-Expenditure Payments, Municipal Credits, Transfers from Tax Collection/Payments to SMART, and Interest Earned, as of June 30, 2022.

Harrell moved to receive and file the Treasurer's Report, as presented. Seconded by Ramsey.

Motion carried.

2. BUDGET REVIEW AND APPROVAL FOR FY 2022 – 2023

Harrell moved to approve the Budget for Fiscal Year 2022 – 2023, as presented. Seconded by Ramsey.

Motion carried on a roll call vote with Byrd absent.

3. BOARD OF COMMISSIONERS UPDATE

David Woodward, Chairperson, Oakland County Board of Commissioners, provided an update regarding the proposed millage language that was approved at the August 10, 2022, Board of Commissioners meeting. Discussion was held regarding the impact on local communities and the OCPTA. Chairperson Woodward shared documents showing local cost projections and a general summary of the proposed millage.

Ramsey moved to receive and file the Local Cost Projection and Oakland County Public Transit Millage Summary documents. Seconded by Donigan.

Motion carried.

4. EXTENSION OF DICKINSON WRIGHT CONTRACT THROUGH 8/31/2024

Harrell moved to extend the OCPTA contract for legal services with Dickinson Wright through August 31, 2024. Seconded by Ramsey.

Motion carried on a roll call vote with Byrd absent.

5. SMART ANNUAL PERFORMANCE AUDIT 2021 & 2022

Dwight Ferrell, General Manager, Suburban Mobility Authority for Regional Transportation (SMART), presented the Annual Key Performance Indicators report. The PowerPoint presentation provided a general update on SMART services. Madonna Van Fossen, Oakland County Ombudsperson, SMART, clarified the use of community credits.

Harrell moved to receive and file the SMART Key Performance Indicators 2021-22 and the SMART Oakland County Public Transit Authority Update, dated August 11, 2022. Seconded by Ramsey.

Motion carried.

6. SMART CONTRACT EXTENSION

Ramsey moved to extend the current SMART Contract through June 30, 2023. Seconded by Harrell.

Motion carried on a roll call vote with Byrd absent.

OTHER BUSINESS/ADJOURNMENT

There being no further business to come before the Authority, the meeting was adjourned at 10:22 a.m.

Aaron Snover, Legislative Coordinator

David Harrell, Secretary

NOTE: The foregoing minutes are subject to Authority approval.

Oakland County Public Transportation Authority

**Financial Report
with Supplemental Information
June 30, 2022**

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-4
Basic Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Position	5
Statement of Governmental Fund Revenue, Expenditures, and Change in Fund Balance/Statement of Activities	6
Notes to Financial Statements	7-9
Required Supplemental Information	10
Budgetary Comparison Schedule	11

Independent Auditor's Report

To the Board Members
Oakland County Public Transportation Authority

Opinions

We have audited the financial statements of the General Fund and the governmental activities of Oakland County Public Transportation Authority (the "Authority") as of and for the year ended June 30, 2022 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 General Fund and the governmental activities of the Authority as of June 30, 2022 and the respective changes in its financial position 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). 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.

Emphasis of Matter

As described in Note 6 to the financial statements, on November 8, 2022, voters in Oakland County approved a new, county-wide property tax millage that will replace the property tax millage currently being levied by the Authority. Our opinion is not modified with respect to this matter.

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 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 Members
Oakland County Public Transportation Authority

In performing an audit in accordance with GAAS, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moreau, PLLC

December 22, 2022

Oakland County Public Transportation Authority

Management's Discussion and Analysis

Our discussion and analysis of Oakland County Public Transportation Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Authority's basic financial statements.

Using This Annual Report

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

- The basic financial statements focus on the financial resources of the Authority and provide a detailed view about the accountability of the Authority's sources and uses of funds.
- The statement of net position and statement of activities are prepared under the full accrual method. For the governmental activities, there are no reconciling items between this method of accounting and the fund-based balance sheet, which is to be presented under the modified accrual method. Therefore, separate presentation of the fund-based balance sheet is excluded from the basic financial statements.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information in the basic financial statements.

The Authority as a Whole

The Authority's primary source of revenue is from the collection of property taxes from participating local units of government in Oakland County (the "County"). The Authority is authorized to levy a tax of no more than 1.00 mill on real and personal property in Oakland County to provide revenue for the operations of a public transportation system within Oakland County. In 2021, the Authority approved the SMART millage of 0.9765 mills. The taxes were levied on December 1, 2021 and raised \$33,252,465 of property tax revenue.

All revenue is distributed back to the Suburban Mobility Authority for Regional Transportation (SMART), with the exception of amounts withheld to pay for operating expenditures.

The Authority's budget is prepared and approved by the Authority's board.

Oakland County Public Transportation Authority

Management's Discussion and Analysis (Continued)

Governmental Activities/General Fund

	2022	2021
Assets		
Deposits held at Oakland County, Michigan	\$ 52,150	\$ 158,309
Accrued interest receivable	368	51
Due from Oakland County, Michigan	655,249	946,713
Total assets	707,767	1,105,073
Liabilities - Due to SMART	707,767	1,105,073
Fund Balance/Net Position - Unassigned/Unrestricted	<u>\$ -</u>	<u>\$ -</u>
Revenue		
Property taxes	\$ 33,252,465	\$ 32,298,814
State sources - Local Community Stabilization Authority	530,255	505,266
Interest income	7,661	64,561
Total revenue	33,790,381	32,868,641
Expenses		
Distributions to SMART	33,765,047	32,838,764
Accounting, legal, and miscellaneous	25,334	29,877
Total expenses	33,790,381	32,868,641
Net Change in Fund Balance/Net Position	-	-
Fund Balance/Net Position - Beginning of year	-	-
Fund Balance/Net Position - End of year	<u>\$ -</u>	<u>\$ -</u>

The Authority distributed all of its revenue to SMART with the exception of \$40,000, which was withheld at the beginning of the year to pay administrative costs.

As described in Note 6 to the financial statements, on November 8, 2022, voters in Oakland County approved a 10-year, 0.95 mill Oakland County Public Transportation measure to maintain and expand public transit services, connecting people and communities across Oakland County. The approved millage will replace a previously approved millage currently being levied by the Authority and expiring on December 31, 2022. Once fiscal year 2023 obligations are fulfilled, the Authority may have minimal to no activity as the Authority's board explores potential avenues of purpose for the Authority.

Contacting the Authority's Management

This financial report is intended solely to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Authority's administration.

Oakland County Public Transportation Authority

Governmental Fund Balance Sheet/Statement of Net Position

June 30, 2022

General
Fund/Statement
of Net Position

Assets

Deposits held at Oakland County, Michigan (Note 2)
Accrued interest receivable
Due from Oakland County, Michigan

\$ 52,150
368
655,249

Total assets

\$ 707,767

Liabilities - Due to SMART

\$ 707,767

Fund Balance/Net Position - Unassigned/Unrestricted

-

Total liabilities and fund balance

\$ 707,767

Oakland County Public Transportation Authority

Statement of Governmental Fund Revenue, Expenditures, and Change in Fund Balance/Statement of Activities

Year Ended June 30, 2022

	General Fund/ Statement of Activities
Revenue	
Property taxes	\$ 33,252,465
State sources - Local Community Stabilization Authority	530,255
Interest income	7,661
Total revenue	33,790,381
Expenditures/Expenses	
Distributions to SMART	33,765,047
Legal	13,132
Accounting	2,500
Audit	6,700
Insurance and other	3,002
Total expenditures/expenses	33,790,381
Net Change in Fund Balance/Net Position	-
Fund Balance/Net Position - Beginning of year	-
Fund Balance/Net Position - End of year	\$ -

June 30, 2022

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Oakland County Public Transportation Authority (the "Authority") conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The Authority was established based on a resolution adopted on March 30, 1995 and is maintained by the appointed members of the board. Based on the significance of any operational or financial relationships with the Authority, there are no component units to be included in the Authority's financial report.

All of the activities of the Authority are accounted for in a single governmental fund:

Governmental Fund

The financial activities of the General Fund are generally limited to the collection of amounts that are subsequently returned to third parties. However, the General Fund is also responsible for the payment of various operating expenses of the Authority and, therefore, is classified as a governmental fund.

Basis of Accounting and Report Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenue in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenue is recognized in the accounting period in which it becomes susceptible to accrual - that is, when it becomes both measurable and available to finance expenditures of the fiscal period. Property taxes and interest income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Authority.

Specific Balances and Transactions

Bank Deposits and Investments

Cash and cash equivalents include demand deposits and short-term investments. Investments are recorded at fair value, based on quoted market prices.

Property Taxes

The Authority is authorized to levy a tax of no more than 1.0000 mills on real and personal property in Oakland County. The related property taxes are billed by the participating cities, villages, and townships (CVTs) of Oakland County and become a lien on the property on December 1. The CVTs remit the appropriate tax collections to Oakland County, Michigan, which in turn remits the taxes collected on the 0.9765 mills to the Suburban Mobility Authority for Regional Transportation (SMART).

The 2021 taxable valuation of the participating cities, villages, and townships of Oakland County totaled \$34,658,086,518, on which ad valorem taxes levied consisted of 0.9765 mills for the Authority. The ad valorem taxes levied raised \$33,252,465 of property tax revenue for the Authority.

June 30, 2022

Note 2 - Deposits and Investments

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 Authority 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 Authority's deposits are managed by Oakland County, Michigan and deposited into Oakland County, Michigan's pooled cash account. Oakland County, Michigan's pooled cash account uses only federal and state-chartered banks and savings institutions that are members of the FDIC and have a location in the state of Michigan. All deposits and investments in the pool are held in Oakland County, Michigan's name and tax ID number.

The Authority's cash and investments are subject to custodial credit risk, which is 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. As discussed above, the Authority's cash is pooled with Oakland County, Michigan; therefore, the amount that was uninsured and uncollateralized cannot be determined.

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.

The Authority has an investment in the Oakland County Local Government Investment Pool of \$52,150, which is measured at net asset value (NAV). As of June 30, 2022, there are no unfunded commitments, limitations, or restrictions on participant withdrawals for the pool.

The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

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 restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. As of year end, the Authority held \$52,150 invested in an investment pool with a weighted-average maturity of 1.47 years.

Note 3 - Authority Operations

Based on the authorization of the electors of the participating cities, villages, and townships of Oakland County, the Authority is authorized to levy a tax of no more than 1.0000 mills on real and personal property to provide revenue for the operations of a public transportation system within Oakland County. A majority of property tax collections received by the Authority is remitted to SMART.

June 30, 2022

Note 4 - Budget Information

The annual budget for the Authority typically is prepared and adopted by the Authority's board in June for the following fiscal year; subsequent amendments are approved by the board. During the year, all amendments to the budget were adopted by the board.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that property tax revenue and state sources of revenue were budgeted net of distributions to SMART. The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the Authority is presented as required supplemental information.

As noted in the budgetary comparison schedule, the Authority had a minor unfavorable variance in the audit line item of \$200.

Note 5 - Tax Abatements

The Authority receives reduced property tax revenue as a result of certain tax abatement programs, including industrial facilities tax exemptions and brownfield redevelopment agreements entered into by certain participating local units of government in Oakland County. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, local units of government grant reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years. Brownfield redevelopment agreements are intended to promote environmental remediation of eligible properties.

For the fiscal year ended June 30, 2022, as a result of participating local units of government entering into certain tax abatement programs, the Authority abated \$431,347 of taxes under these programs. There are no provisions to recapture taxes; however, certain tax abatements may be eliminated if taxes are not paid timely.

Note 6 - Subsequent Events

On November 8, 2022, voters in Oakland County approved a 10-year, 0.95 mill Oakland County Public Transportation measure to maintain and expand public transit services, connecting people and communities across Oakland County. The approved millage will replace a previously approved millage currently being levied by the Authority and expiring on December 31, 2022. The new millage will not be levied by the Authority, and, therefore, once fiscal year 2023 obligations are fulfilled, the Authority may have minimal to no activity as the Authority's board explores potential avenues of purpose for the Authority.

Required Supplemental Information

Oakland County Public Transportation Authority

Required Supplemental Information Budgetary Comparison Schedule

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 33,252,465	\$ 33,252,465	\$ 33,252,465	\$ -
State sources - Local Community Stabilization Authority	530,255	530,255	530,255	-
Distributions to SMART	(33,742,720)	(33,742,720)	(33,765,047)	(22,327)
Interest income	-	-	7,661	7,661
Net revenue in excess of distributions withheld for administrative expenses	40,000	40,000	25,334	(14,666)
Expenditures				
Legal	14,000	14,000	13,132	868
Accounting	2,500	2,500	2,500	-
Insurance	4,000	4,000	2,525	1,475
Audit	6,500	6,500	6,700	(200)
Miscellaneous	13,000	13,000	477	12,523
Total expenditures	40,000	40,000	25,334	14,666
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>