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## NOTICE OF MEETING

### POLICY COMMITTEE

DATE: June 21, 2023

TIME: 9:30 AM

PLACE: **Lower Level Conference Room 200 N. Main Ann Arbor, MI 48104**

### AGENDA:

1. Call to Order/Introductions
2. Approval of the Agenda
3. Approval of Minutes – April 17, 2023 Policy Committee Meeting (attached) – Action
4. Public Participation
5. Communications and Announcements
6. Bills over \$500
7. Old Business
8. New Business
  - A. 3rd Call FY 2023-2026 Transportation Improvement Program (TIP) Amendments (attached) - Action
  - B. 3rd Call FY 2023-2026 Transportation Improvement Program (TIP) Modifications (attached) - Information
  - C. FY 2022 Audit
  - D. FY 2023 Second Quarter Financial Statements (attached) - Action
  - E. FY 2024 Administrative Budget (attached) - Action
  - F. 2050 Long Range Plan Goals and System Expectations (attached) - Action
  - G. 2050 Long Range Plan Performance Measures (attached) - Action
  - H. Annual Meeting - Meeting date and time (action)

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#### POLICY COMMITTEE MEMBERS

City of Ann Arbor • Ann Arbor DDA • Ann Arbor Township • City of Chelsea • City of Dexter  
Dexter Township • Eastern Michigan University • Michigan Department of Transportation • City of Milan • Northfield Township •  
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An Intermunicipality Committee organized under Act 200 of Public Acts of Michigan (1957)  
representing Washtenaw County

9. Adjournment

## DRAFT Meeting Minutes

WATS POLICY COMMITTEE

**DATE:** April 19th, 2023

**TIME:** 9:30 AM

**LOCATION:** Lower Level Conference Room, 200 N. Main Street, Ann Arbor, MI 48104

**Members Present:** City of Saline – Brian Marl (*Chair*)  
Eastern Michigan University - Leigh Greden (*Vice Chair*)  
TheRide – Matt Carpenter (*Secretary-Treasurer*)  
City of Ann Arbor – Erica Briggs  
City of Ypsilanti – Jennifer Symanns  
MDOT University Region - Mike Davis  
Pittsfield Township – Mandy Grewal  
Superior Charter Township - Lisa Lewis  
Washtenaw County Road Commission – Barb Fuller  
University of Michigan – Steve Dolen

**Members Absent:** Ann Arbor DDA – Vacant  
Ann Arbor Township – Diane O'Connell  
City of Chelsea – Charles Wiseley  
City of Dexter – Shawn Keough  
City of Milan - Vacant  
Dexter Township - Vacant  
Northfield Township - Ken Dignan  
Scio Township - Vacant  
SWWCOG – Ron Miley  
WCBOC – Caroline Sanders  
Ypsilanti Township – Brenda Stumbo

**Others Present:** Georgia Frost, Ken Anderson (TheRide), Ryan Buck (WATS), Nick Sapkiewicz (WATS), Maggie Huntley (WATS), Anton Schauerte (WATS)

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**1. CALL TO ORDER / INTRODUCTIONS**

Chair Marl called the meeting to order at 9:32 AM. Introductions were made.

**2. APPROVAL OF THE AGENDA**

A motion was made by Ms. Fuller, supported by Ms. Briggs, to approve the meeting agenda. The motion was carried unanimously.

**3. APPROVAL OF MINUTES**

A motion was made by Mr. Greden, supported by Mr. Carpenter, to approve the February 15, 2023 meeting minutes. The motion was carried unanimously.

**4. PUBLIC PARTICIPATION**

There were no comments provided by members of the public.

**5. COMMUNICATIONS AND ANNOUNCEMENTS**

Mr. Buck provided the following updates:

- The 2022 Annual Report and List of Obligated Projects has been recently completed; the document lists major accomplishments WATS, as well as a list of projects that were obligated in Fiscal Year (FY) 2022.
- Development of the 2050 Long-Range Transportation Plan (LRTP) has recently begun and a preliminary Call for Projects (CFP), for projects that will need to be inputted into the Travel Demand Model, will be sent out soon. A second CFP will be sent out later in the year for all remaining projects.
- The WATS audit is being finalized. The formal report will be provided at the next Policy Committee meeting.
- WATS is hosting the 2023 Michigan Transportation Planning Association (MTPA) Annual Conference in Ann Arbor, July 26th - July 28th. Mr. Buck invited Committee members to attend the conference.

Chair Marl stated his appreciation for the auditing firm's thoroughness while conducting the audit thus far and looked forward to reviewing the document in full.

**6. BILLS OVER \$500**

Mr. Buck outlined there were two bills over \$500. The first bill is for the Michigan Municipal Risk Management Authority for WATS' annual Directors and Officers insurance in the amount of \$2,775. The second bill is for Eco-Counter to upgrade two permanent non-motorized counters in the City of Dexter in the amount of \$2,556.

A motion was made by Ms. Lewis, supported by Ms. Grewal, to approve the bills over \$500. The motion was carried unanimously.

**7. OLD BUSINESS**

There was no old business.

**8. NEW BUSINESS**

**A. 2nd Call FY 2023-2026 Transportation Improvement Program (TIP) Amendments**

Mr. Sapkiewicz stated that WATS received amendments from MDOT, the WCRC, and the City of Ann Arbor, which primarily consist of cost changes to FY 2023 projects, and provided an overview of the project changes outlined in the packet. Mr. Sapkiewicz outlined the ongoing issues across the state with two tools WATS uses to perform the environmental justice and equity analyses. It was mentioned, however, that these concerns have been relayed to MDOT and that WATS staff has recreated the process and has conducted the analysis on its own. It was also noted that after being requested to do so by the Technical Committee, WATS staff calculated 19% of all federal-aid eligible roads to be located within environmental justice areas.

*A motion was made by Ms. Grewal, supported by Mr. Carpenter, to approve the 2nd Call TIP Amendments, as presented. The motion was carried unanimously.*

**B. 2nd Call FY 2023-2026 Transportation Improvement Program (TIP) Modifications**

Mr. Sapkiewicz indicated that not all projects that received additional FY23 money received enough to be classified as an amendment; the project changes outlined are instead classified as modifications. Mr. Sapkiewicz added that amendments are posted on the WATS website 30 days in advance for public review and are also posted on the first floor of the Washtenaw County building.

**C. Pavement/Bridge Condition and System Performance/Freight/CMAQ Targets**

Mr. Schauerte stated that the performance measures for safety were approved by the Committee at the February 2023 meeting and that performance measures for pavement condition, bridge condition, system reliability, freight reliability, and CMAQ will be discussed as part of this agenda item. Mr. Schauerte outlined the motion approved at the April 5, 2023 Technical Committee meeting and provided an overview of the methodology MDOT used to set 2-year and 4-year targets outlined in the packet.

There was a discussion regarding the details of the Technical Committee motion, the reasons why the annual hours of Peak Hour Excessive Delay (PHED) per capita targets and percent of non-single occupancy vehicle travel targets were becoming less stringent, if/how electric vehicle emissions factored into the targets, and local performance measures.

*A motion was made by Ms. Symmans, supported by Mr. Carpenter, to acknowledge receipt of the pavement condition targets, as presented, but express concern to MDOT about the pavement condition targets conflicting with the local agencies' existing asset management*

goals. The motion carried, with Mr. Davis opposed.

A motion was made by Ms. Grewal, supported by Ms. Fuller, to accept and support the targets for bridge condition, system performance, freight reliability, and CMAQ, as presented.

Mr. Buck suggested that, if desired, the Committee could modify the language of the motion to better highlight the concerns expressed during discussion of the agenda item.

A modified motion was made by Ms. Grewal, supported by Ms. Fuller, to accept and support the targets for bridge condition, system performance, and freight reliability, and accept receipt of the targets for CMAQ and request Mr. Buck write a letter to MDOT expressing concern regarding the targets for CMAQ. The motion carried, with Mr. Davis opposed.

#### **D. FY 2023 First Quarter Financial Statements**

Mr. Buck stated is requesting acceptance of the first quarter financial statements and welcomed any questions.

A motion was made by Ms. Lewis, supported by Mr. Greden, to accept the FY 2023 first quarter financial statements. The motion carried unanimously.

#### **E. 2050 Long Range Plan Update**

A memo providing an update was included in the meeting packet. No additional discussion took place.

#### **F. TheRide Bus Stop Improvement Program**

Mr. Anderson provided a presentation on TheRide's Bus Stop Improvement Program. Mr. Anderson requested that WATS and local agencies help TheRide by filling sidewalk gaps. It also mentioned that the goal is to use STBG funds to increase the bus stop accessibility rate to 100%.

Ms. Briggs stated that there was a shift in bus stop placement after the City of Ann Arbor passed its crosswalk ordinance and asked whether that change was system wide.

Mr. Anderson stated that as projects occur, those new standards are being applied to the placement of bus stops, but that there is currently not enough funding to retrofit all bus stops.

There was a discussion that followed regarding the accessibility of bus stops in winter and the timeline regarding the Superstop that was outlined during the presentation.

#### **G. WATS 2022 Annual Report**

Mr. Schauerte stated his appreciation to Matt Carpenter, as well as Michele Fedorowicz from SEMCOG for writing letters for the annual report.

Chair Marl asked whether there will be a meeting in May.

Mr. Buck stated that it was too early to tell, but that the Committee is certain to meet in June.

## **9. ADJOURNMENT**

Chair Marl adjourned the meeting at 10:35 AM.

# MEMORANDUM

To: Policy Committee  
From: Nick Sapkiewicz  
Date: June 8, 2023  
Re: 3rd Call for FY 2023 TIP Amendments for 2023-20236 TIP

## **Background**

WATS initiated the 3rd call for FY 2023 TIP amendments in April with project changes due to WATS in May. The 3rd call amendments represent FY 2024-2026 Carbon Reduction Program awards, University of Michigan receiving an ATTAIN grant, and MDOT program cost changes.

Significant changes in this TIP amendment include:

- **Carbon Reduction Program awards**
  - JN 219132 - Ann Arbor - LED Streetlights
  - JN 219147 - Ann Arbor - Washington bike boulevard
  - JN 219166 - Saline - Mill Pond Park riverwalk
  - 219148 - WCRC - Parker at Shield traffic signal
  - 219149 - WCRC - Pontiac at Dixboro roundabout
  - 219151 - WCRC - Whittaker at Martz roundabout
  - 219152 - WCRC - HRD at Martz roundabout
  
- **UM ATTAIN Grant**
  - Connected environment retrofit
  
- **MDOT Amendments**
  - JN 200202 - US-12 from west of Platt to west of 23 - Cost increase
  - JN 215788 - US-23 Joy Rd bridge- Cost increase
  - JN 215769 - US-23 Warren Rd bridge- Cost increase

The addition of the new, local projects adds \$20,416,425 to the TIP.

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**Environmental Justice Review**

The Environmental Justice (EJ) review evaluates the fair distribution of environmental benefits and burdens in EJ and non-EJ areas. In addition, the EJ review evaluates each project for adverse social, economic, and environmental effects. More information on the USDOT EJ strategy is available [here](#).

*Total Investment in the TIP*

Over the course of the TIP, investment made in Washtenaw County is affected by amendments and modifications (grant awards, cost changes, new projects). These changes continually affect the value of the TIP, and the amount of investment in EJ areas. Per Jobnet, as of May 31, 2023, the 2023-2026 TIP is valued at \$650,444,565 (total with non-participating costs is \$716,322,693). This amount is a snapshot in time of the TIP’s value and is adjusted via administrative modifications, amendments, cost changes at time of obligation, etc.

To quantify investment within EJ areas, WATS analyzes Census block groups by their combined percentages of minority and low-income residents to identify areas that fall within the 80th and 90th percentile. TIP projects located within these EJ areas, or within 0.5 mile of these areas, are measured in a GIS overlay analysis by the total cost of projects. For projects with a portion of investment in these areas, the segment cost was calculated as follows:

$$(Segment\ Length / Total\ Project\ Length) * Total\ Project\ Cost$$

*Transit Investment*

Transit projects are considered to be an additional benefit to EJ areas by improving access and mobility. Transit investments are included in the EJ analysis, but are not mapped.

**Environmental Justice Review - TRANSIT  
FY 2023 3rd Call - 2023-2026 TIP**

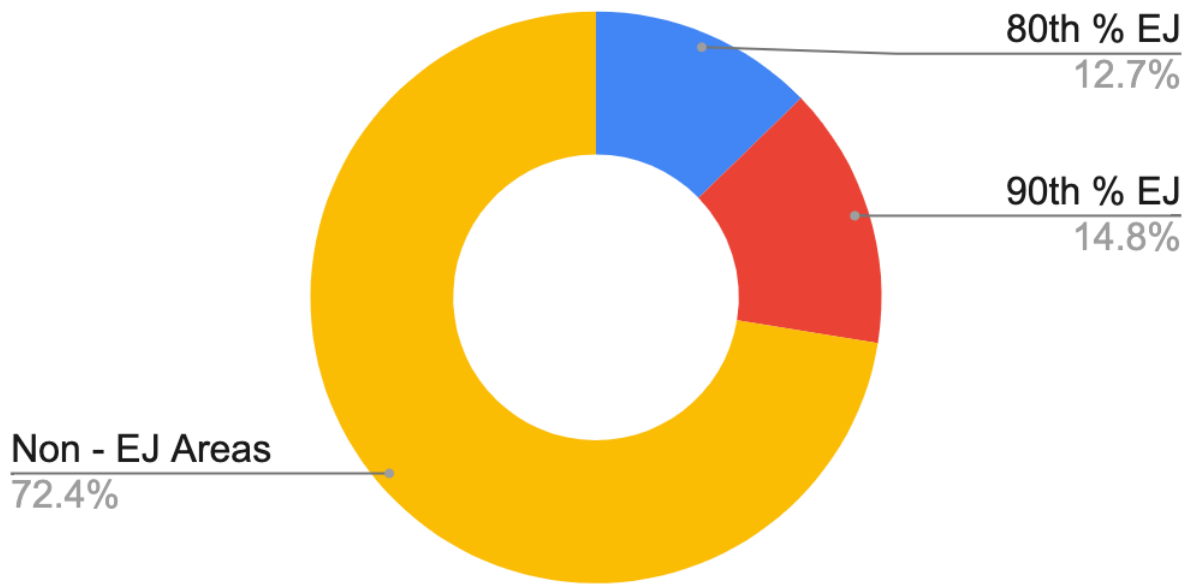
	<b>Total Investment</b>	<b>Percent of TIP</b>
Areawide Transit Investment	\$155,789,357.00	21.75%

**Environmental Justice Review  
FY 2023 3rd Call - 2023-2026 TIP**

	<b>Total Investment</b>	<b>Percent of TIP</b>
80th Percentile EJ Areas	\$91,220,567.52	12.7%
90th Percentile EJ Areas	\$106,151,486.52	14.8%
Non-EJ Areas	\$518,950,639.06	72.4%
<b>TIP Value</b>	<b>\$716,322,693.10</b>	<b>100%</b>

## Environmental Justice (EJ) Review

FY 2023 3rd Call



WATS does not anticipate the TIP amendments will have a disproportionately negative impact on EJ areas. (NOTE: 19% of federal aid eligible roads are in EJ areas.)

A map of 2023-2026 TIP projects in environmental justice areas is available at <http://www.miwats.org/tip>.

**Opportunity Evaluation**

WATS' opportunity evaluation uses the [county's Opportunity Index](#) to measure TIP investment within areas of low economic mobility. WATS measures investment in areas identified as "low access to opportunity" and "very low access to opportunity".

For projects with a portion of investment in these areas, the segment cost was calculated as follows:

$$(Segment\ Length / Total\ Project\ Length) * Total\ Project\ Cost$$

*Transit Investment*

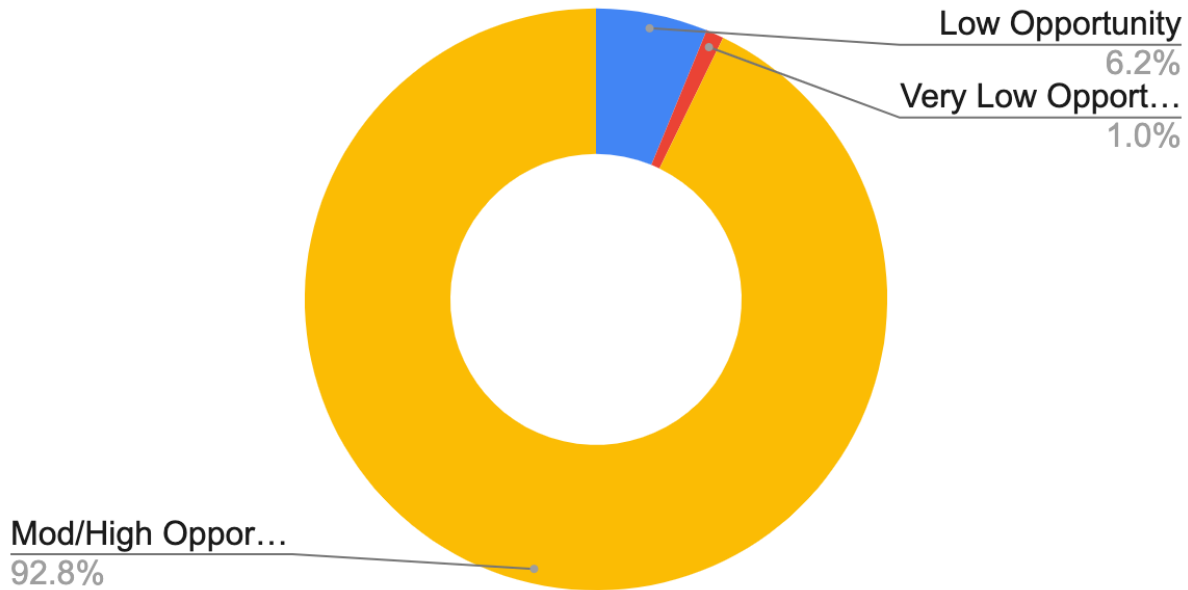
Transit projects are considered to be an additional benefit to low opportunity areas by improving access and mobility. Transit investments are included in the opportunity evaluation analysis, but are not mapped.

**Opportunity Evaluation  
FY 2023 3rd Call - 2023-2026 TIP**

	<b>Total Investment</b>	<b>Percent of TIP</b>
Low Access to Opportunity	\$44,423,645	6.2%
Very Low Access to Opportunity	\$7,035,214	1.0%
Moderate /High Access to Opportunity	\$664,863,834	92.8%
<b>TIP Value</b>	<b>\$716,322,693</b>	<b>100%</b>

## 2020 Opportunity Index

FY 2023 3rd Call



The opportunity evaluation is provided as information during each TIP amendment.

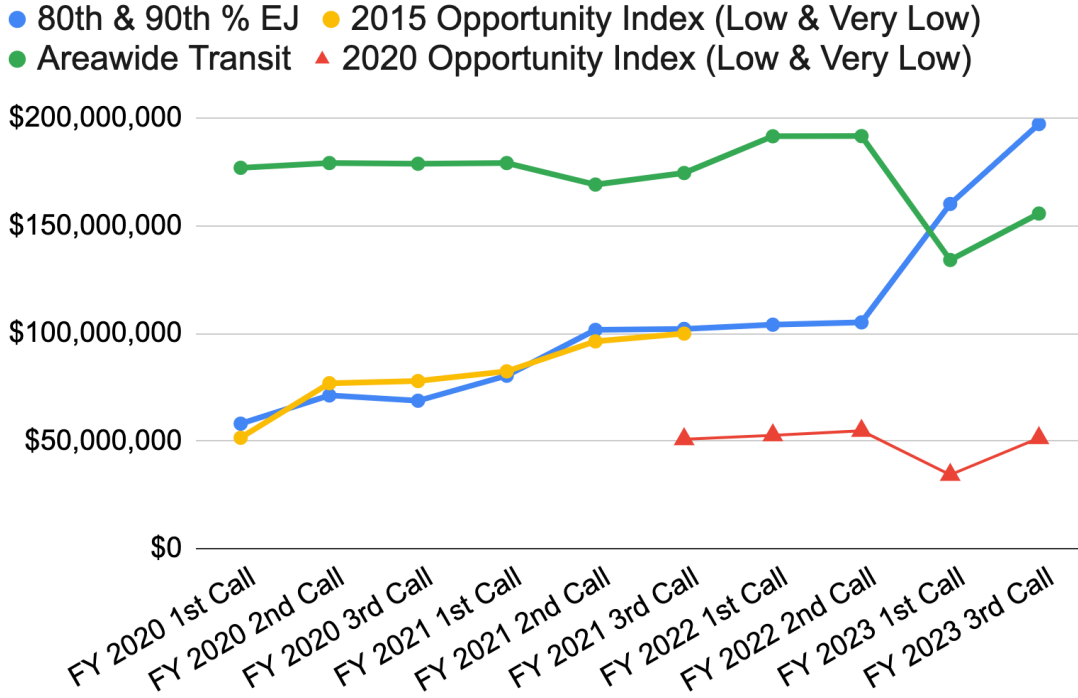
### **Tracking TIP Investment in Equity Areas**

By monitoring investment in equity areas (EJ and low opportunity), WATS Committees can evaluate if enough investment is being made to balance environmental benefits and burdens and to disrupt the effects of historic injustice.

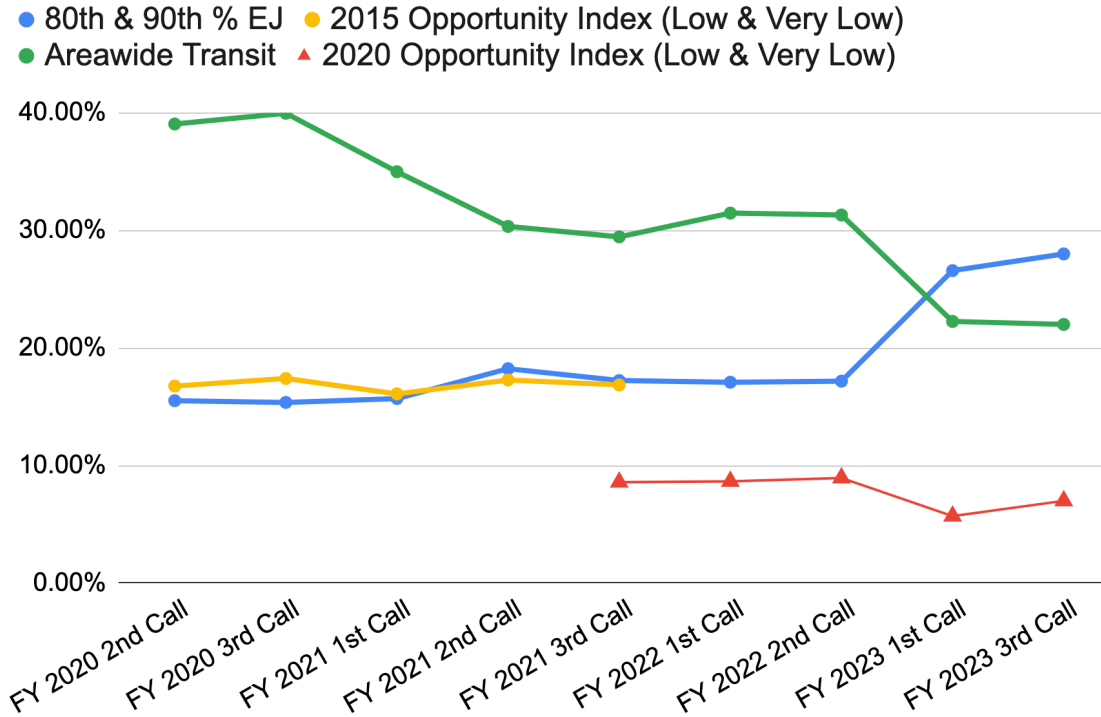
Total TIP investment naturally has a large swing at the onset of a new TIP as not all projects, awards, and investments are yet reflected. Accurate data for analysis between the 2020-2023 and 2023-2026 TIP was not available at the new TIP's time of adoption and as such is being presented in the equity analysis here. Significant changes between the 2020-2023 and 2023-2026 TIPs include a higher level of investment being made in EJ areas and a lower portion being made in Opportunity areas. This change largely results from forthcoming work on US-23 and the ½ mile buffer of EJ areas that include portions of the project. The other significant change is the reduction in transit investment, which results only from the way TheRide has evolved to reflect their projects in jobnet.

Note: WATS equity analysis is provided as information and is presented as a review of projects circa the 1st 2023 amendment to the 2023-2026 TIP. In the Action portion of this memo, the Technical Committee is being asked to make a recommendation to the Policy Committee on the projects being presented in the 2nd amendment.

## Investment in Equity Focus Areas



## Investment in Equity Focus Areas as % of Total TIP



**Action**

The Technical Committee recommend the Policy Committee approve the 3rd Call TIP amendments.

### 3rd Call FY 2023 TIP Amendments

CHANGE DESCRIPTION	JOB ID	STIP FISCAL YEAR	AGENCY	ROUTE NAME	LOCATION (REPORT)	LENGTH	MAJOR WORK TYPE	WORK (REPORT)	PHASE	ESTIMATED FEDERAL FUND AMOUNT	ESTIMATED STATE FUND AMOUNT	ESTIMATED LOCAL FUND AMOUNT	ESTIMATED TOTAL FUND AMOUNT
Budget	200202	2023	MDOT	US-12	US-12 from west of Platt Rd to west of US-23 interchange	1.023	Traffic Safety	Operational improvements	CON	\$14,119,125	\$3,130,875	\$0	\$10,192,000 to \$17,250,000
Budget	215788	2023	MDOT	US-23	Joy Road over US-23	0	Bridge Replacement	Bridge Replacement	ROW	\$306,938	\$68,063	\$0	\$250,000 to \$375,000
Budget	215769	2023	MDOT	US-23	Warren Road over over US-23	0	Bridge Replacement	Bridge Replacement	ROW	\$777,575	\$172,425	\$0	\$100,000 to \$950,000
Add	219132	2024	Ann Arbor	Citywide	Various Locations		Operations/Lighting	Streetlight LED conversion, replace 4000 fixtures	CON	\$980,000	\$0	\$245,000	\$1,225,000
Add		2024	UM	Citywide	Various Locations		Operations	Connected Environment Retrofit	CON	\$9,859,240	\$0	\$2,847,185	\$12,706,425
Add	219147	2026	Ann Arbor	Washington St.	Washington from Huron to Revena	0.8	Bike Blvd	The Washington Bike Boulevard project will create a 0.8 mile-long All Ages and Abilities (A3) bike priority corridor as a low stress alternative to biking on Huron Ave (I-94 BL).	CON	\$200,000	\$0	\$50,000	\$250,000
Add	219166	2025	Saline	Mill Pond Park	Mill Pond Park Riverwalk		Non-motorized Path	The City of Saline is proposing to create a non-motorized pathway alongside the Saline River in the city-owned Mill Pond Park	CON	\$800,000	\$0	\$285,000	\$1,085,000
Add	219148	2025	WCRC	Parker at Shield	Parker at Shied		Traffic Signal	Installation of a traffic signal at all-way stop controlled intersection.	CON	\$280,000	\$0	\$70,000	\$350,000
Add	219149	2026	WCRC	Pontiac at Dixboro	Pontiac at Dixboro		Roundabout	Construction of a roundabout at Pontiac Trail and Dixboro Road intersection	CON	\$1,200,000	\$0	\$300,000	\$1,500,000
Add	219151	2026	WCRC	Whittaker at Martz	Whittaker at Martz		Roundabout	Construction of a roundabout at Whittaker Road at Martz Road intersection	CON	\$1,200,000	\$0	\$300,000	\$1,500,000
Add	219152	2026	WCRC	HRD at Mast/Joy	HRD at Mast/Joy		Roundabout	Construction of a roundabout at Mast Rd and Huron River Dr and at Joy Rd intersection	CON	\$1,120,000	\$0	\$680,000	\$1,800,000

# MEMORANDUM

To: Policy Committee  
From: Nick Sapkiewicz  
Date: June 8, 2023  
Re: 3rd Call for FY 2023 TIP Modifications for the 2023-2026 TIP

## **Background**

WATS completes administrative modifications as needed for the Transportation Improvement Program (TIP) and provides them to the Committees and the public for their information.

Administrative modifications are minor changes staff make to the TIP as well as MDOT. WATS may modify items such as small cost changes, limits or a year change without Committee approval. WATS and SEMCOG use administrative modifications to expedite the processing of small changes without delaying a project.

[Available here are the 3rd call for FY 2023 TIP administrative modifications \(list of MDOT's administrative modifications\) for informational purposes.](#) The change request reason field in the spreadsheet outlines the changes that were made to each project.

## **Action**

Review the modifications and send any questions to Nick Sapkiewicz at [sapkiewiczn@miwatgs.org](mailto:sapkiewiczn@miwatgs.org).

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# MEMORANDUM

To: Policy Committee  
From: Ryan Buck  
Date: June 12, 2023  
Re: FY 2022 Audit

## **Background**

WATS' auditing firm for FY 2021 closed its auditing business and WATS put out an RFP after the close of FY 2022. WATS did not receive any proposals. I then sought recommendations and requested information from several firms directly and was unable to secure a new auditing firm. Fortunately, in early 2023, Maner Cortesian agreed to perform the WATS audit for FY 2022 as well as forthcoming audits for FY 2023 and FY 2024.

With any new auditor there is a period of mutual education, explaining business practices and procedures while the auditing firm maintains its independence. After completing the draft audit for FY 2022, two findings were noted by Maner Cortesian. Based on those findings I consulted with our monthly bookkeeper to ensure that we adjusted our practices to match the expectations of the independent auditing firm.

Based on the findings, WATS has instituted a practice where the Director signs and dates monthly bank reconciliations, a process that had not been formalized. Additionally, AJE's recommended by the auditor will be made by the WATS bookkeeper. Previously, this was an action taken by the auditor based on the prior year's audit, however, Maner Cortesian, concluded that that practice did not maintain the independent nature of the auditor. This, along with a change in the way accounts receivables were tracked led to a material weakness in the auditor's findings. Through ongoing conversations with our bookkeeper and Maner Cortesian staff, we believe these issues have been rectified, and will not present an issue moving forward.

## **Recommended Action**

The FY 2022 Audit is provided to the Policy Committee for acceptance.

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April 28, 2023

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

This representation letter is provided in connection with your audit of the financial statements of Washtenaw Area Transportation Study (the Study), which comprise the respective financial position as of June 30, 2022, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of April 28, 2023, the following representations made to you during your audit.

### **Financial Statements**

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

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5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP (currently none).
7. Adjustments or disclosures have been made for all events, including instances of noncompliance subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter (currently none).
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the Study is contingently liable, if any, have been properly recorded or disclosed (currently none).
11. Regarding the non-attest services performed by you as identified in the attached addendum, we have:
  - Made all management decisions and performed all management functions.
  - Designated an individual with suitable skill, knowledge, or experience to oversee the services.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the results of the services.

### **Information Provided**

12. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Study from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Policy Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be

materially misstated as a result of fraud (currently none).

15. We have no knowledge of any fraud or suspected fraud that affects the Study and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Study's financial statements communicated by employees, former employees, regulators, or others.
17. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements. Specifically, we believe that we have complied with the Affordable Care Act "ACA" and no excise taxes are due as a result of noncompliance with the ACA.
18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the Study's related parties and all the related party relationships and transactions of which we are aware (currently none).

#### **Government Specific**

20. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. The Study has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
24. We are responsible for compliance with the laws regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance (currently none).
26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives (currently none).
27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred,


of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives (currently none).

28. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
29. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements.
30. The Study has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
31. The Study has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
32. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
33. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
34. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
35. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
36. Investments, derivative instruments, and land and other real estate held by endowments are properly valued (currently none).
37. Provisions for uncollectible receivables have been properly identified and recorded (currently none).
38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
39. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
40. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
41. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
42. Capital assets are properly capitalized, reported, and, if applicable, depreciated.
43. We have appropriately disclosed the Study's policy regarding whether to first apply restricted or

unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

44. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
45. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
46. With respect to the supplementary information:
  - a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
47. It is understood between the Washtenaw Area Transportation Study and you that your audit of the financial statements was made in accordance with the standards outlined in the engagement letter and, accordingly, included such tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances; that is, by means of testing and sampling of transactions and accounts because complete verification by detailed audit of every transaction was not practicable. We also understand that the testing and sampling procedures followed in your audit would not necessarily disclose errors or irregularities, should any exist.
48. We have reviewed and accepted your proposed journal entries, if any, and understand the effects of these entries on our financial statements by reviewing the draft of the independent auditor's report and financial statements. We concur with the presentation of the data in those statements, including the footnotes and additional information.

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

Signed:  \_\_\_\_\_ Signed: \_\_\_\_\_

Title: Director Title: \_\_\_\_\_

### **ADDENDUM TO REPRESENTATION LETTER**

As part of the audit engagement, you have provided these services as “non-attest” or “non-audit” services.

- Preparation of the financial statements, including the related notes, required and additional supplementary information.
- Calculation of the provision for depreciation (if applicable).
- Assistance with the preparation and submission of audit financial information required by federal statutes or regulations.
- Assistance with, or the preparation of, year-end adjusting journal entries and work papers.
- Access to a secure portal for use in exchanging information electronically.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**

To the Policy Committee  
Washtenaw Area Transportation Study  
Ann Arbor, Michigan

In planning and performing our audit of the financial statements of the of Washtenaw Area Transportation Study (the Study), as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Study's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Study's internal control. Accordingly, we do not express an opinion on the effectiveness of the Study's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

**MATERIAL JOURNAL ENTRIES**

Material journal entries for the proper recognition of beginning net position, due from other governmental units, capital assets, and lease payable were proposed by the auditors. These misstatements were not detected by the Agency's internal control over financial reporting.

Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position and results of operations, including the proper recording of journal entries to assure the trial balances from which the financial statements are prepared are in conformity with U.S. generally accepted accounting principles.



MATERIAL JOURNAL ENTRIES (continued)

We recommend that the Study take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

BANK RECONCILIATION REVIEW

We noted the Study did not have documented review of monthly bank reconciliations detailing approval or timing of review. The Executive Director did not document review and approval of the monthly bank reconciliation with signature or initials and date of the review. The Study could have difficulty identifying general errors or misappropriation of funds when duties performed by individuals are not reviewed and approved.

We recommend the Study implement policies and procedures requiring documented review and approval over the accounting area of the bank reconciliation process.

Compliance and Other Matters

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

This communication is intended solely for the information and use of the members of the Study Policy Committee, others within the Study, and applicable departments of the State of Michigan, and is not intended to be, and should not be, used by anyone other than these specified parties.

April 10, 2023

**WASHTENAW AREA TRANSPORTATION STUDY  
ANN ARBOR, MICHIGAN**

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

**YEAR ENDED JUNE 30, 2022**



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## INDEPENDENT AUDITOR'S REPORT

To the Policy Committee  
Washtenaw Area Transportation Study  
Ann Arbor, Michigan

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Washtenaw Area Transportation Study (the Study), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively the Study's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Study, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Study 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 opinion.

#### ***Change in Accounting Principle***

As discussed in Note 8 to the financial statements, the Study adopted new accounting guidance, GASB Statements No. 87, *Leases*, during the year ended June 30, 2022. 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 Study's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Study'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 Study'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, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Study's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Manes Costeiran PC*

April 28, 2023

## **WASHTENAW AREA TRANSPORTATION STUDY MANAGEMENT'S DISCUSSION AND ANALYSIS**

The intent of the management's discussion and analysis is to provide highlights of the Study's financial activities for the fiscal years ended June 30, 2022 and 2021. Readers are encouraged to read this section in conjunction with the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Study exceeded its liabilities at the close of the most recent fiscal year resulting in a net position of \$677,519, or approximately 166% of total expenses. Net position increased \$5,413, which was approximately 1.3% of last year's total expenses.
- Revenues decreased by \$114,830, or approximately 22%, from the prior year.
- Expenses decreased by \$142,377, or approximately 26%, from the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report includes this management discussion and analysis report, the independent auditor's report, and the basic financial statement of the Study, which include notes that explain in more detail some of the information in the financial statements.

As a Transportation Management Area (TMA) originally formed as an inter-municipality committee under Act 200 of 1957, the Study prepares transportation plans and improvement programs and assigns federal surface transportation program funds to various eligible road and public transportation projects within Washtenaw County. Funding for the Study is provided for on a reimbursement basis of expenses incurred on its programs. The Study is governed by a policy committee that consists of a representative from local governmental agencies.

### **REQUIRED FINANCIAL STATEMENTS**

The financial statements report information of the Study using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Study's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Study creditors (liabilities). It also provides the basis for evaluating the capital structure of the Study and assessing the liquidity and financial flexibility of the Study.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the report period.

**WASHTENAW AREA TRANSPORTATION STUDY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF WASHTENAW AREA TRANSPORTATION STUDY

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide the information to determine how the Study did financially during the fiscal year ended June 30, 2022. The net position, or the difference between assets and liabilities, and the changes in them can indicate whether financial health is improving or deteriorating over time. However, other non-financial factors such as changes in economic conditions, service area, and new or changed government legislation also need to be considered in determining the Study's financial health.

NET POSITION

The Study's Comparative Condensed Statements of Net Position and Revenue, Expenses and Changes in Fund Net Position are presented in the following Tables for the year ended June 30:

CONDENSED STATEMENT OF NET POSITION

	2022	2021*
<b>ASSETS</b>		
Current and other assets	\$ 707,438	\$ 710,823
Capital assets, net	75,805	-
<b>TOTAL ASSETS</b>	<b>783,243</b>	<b>710,823</b>
<b>LIABILITIES</b>		
Current liabilities	53,696	38,717
Noncurrent liabilities	52,028	-
<b>TOTAL LIABILITIES</b>	<b>105,724</b>	<b>38,717</b>
<b>NET POSITION</b>		
Net investment in capital assets	(814)	-
Unrestricted net position	678,333	672,106
<b>TOTAL NET POSITION</b>	<b>\$ 677,519</b>	<b>\$ 672,106</b>

\*The 2021 figures have not been updated for the adoption of GASB Statement No. 87.



**WASHTENAW AREA TRANSPORTATION STUDY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	Year Ended	
	2022	2021*
REVENUES		
Grant revenues	\$ 338,795	\$ 464,116
Local contributions	76,136	64,550
Other	-	1,095
	<u>414,931</u>	<u>529,761</u>
 EXPENSES	<u>407,841</u>	<u>550,218</u>
 OPERATING (LOSS)	 7,090	 (20,457)
 NONOPERATING EXPENSE	 <u>1,677</u>	 <u>-</u>
 Change in net position	 <u>\$ 5,413</u>	 <u>\$ (20,457)</u>

\*The 2021 figures have not been updated for the adoption of GASB Statement No. 87.

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position shows the total revenues and expenses that factor in the Change in Net Position. Due to the nature of the Study, expenses are largely based on the grants available through the Local, State, and Federal funding.

Program revenues and expenses vary annually depending on the Study's activities. The Study's operating revenues decreased by approximately 22% over the prior year, this was largely due to a decrease in expenses reimbursed. Expenses decreased by approximately 26% over the prior year due to a decrease in salary and related expenses.

**CAPITAL ASSETS**

The following is a summary of capital assets and the associated accumulated depreciation/amortization for year ended June 30:

	2022	2021*
Capital assets being depreciated/amortized		
Furniture and equipment	\$ 45,784	\$ 15,556
Right to use - leased buildings	101,050	-
 Less accumulated depreciation/amortization		
Furniture and equipment	(45,784)	(15,556)
Right to use - leased buildings	<u>(25,245)</u>	<u>-</u>
 Net capital assets	 <u>\$ 75,805</u>	 <u>\$ -</u>

\*The 2021 figures have not been updated for the adoption of GASB Statement No. 87.

**WASHTENAW AREA TRANSPORTATION STUDY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The capital assets of the Study consist of office furniture and equipment and leased office space. The Study has implemented a capitalization policy consistent with MDOT and federal funding that require all items purchased having a useful life in excess of one year and an individual cost of more than \$5,000 be capitalized and depreciated. There were no additions to capital assets purchased in the current fiscal year. Note 3 to the financial statements provides additional information regarding capital assets.

**DEBT ADMINISTRATION**

The following is a summary of long-term obligations for year-end as of June 30:

	2022	2021*
Direct borrowing and direct placement - Lease payable	\$ 76,619	\$ -
Compensated absences	29,105	32,222
Net capital assets	\$ 105,724	\$ 32,222

\*The 2021 figures have not been updated for the adoption of GASB Statement No. 87.

During the year ended June 30, 2022, the Study began to carry long-term debt related to a lease payable as required by GASB Statement No. 87, *Leases*. Otherwise, all expenses of the Study have been secured by state or federal projects. This allows the Study to avoid any debt other than current liabilities in the normal operation of the system and compensated absences which have been divided into a current and noncurrent portion on the Statement of Net Position. Note 4 to the financial statements provides additional details regarding long-term obligations.

**ECONOMIC FACTORS**

The Study has the ability to be reimbursed through Federal programs for all allowable costs incurred with administering its grants and programs.

**CONTACT INFORMATION**

This financial report is designed to provide our customers and creditors with a general overview of the Study's finances and to demonstrate its accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact the Study at 200 N. Main, Ann Arbor, MI 48104 or by phone at (734) 994-3127.

## **BASIC FINANCIAL STATEMENTS**

**WASHTENAW AREA TRANSPORTATION STUDY  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

<b>ASSETS</b>	
Current assets	
Cash	\$ 146,303
Due from other governmental units	282,363
Prepaid expenses	<u>6,131</u>
Total current assets	<u>434,797</u>
Noncurrent assets	
Investments - due from Washtenaw County	272,641
Capital assets, net	<u>75,805</u>
Total noncurrent assets	<u>348,446</u>
TOTAL ASSETS	<u>783,243</u>
<b>LIABILITIES</b>	
Current liabilities	
Current portion of compensated absences	29,105
Current portion of long-term debt	<u>24,591</u>
Total current liabilities	<u>53,696</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>52,028</u>
TOTAL LIABILITIES	<u>105,724</u>
<b>NET POSITION</b>	
Net investment in capital assets	(814)
Unrestricted	<u>678,333</u>
	<u><u>\$ 677,519</u></u>

**WASHTENAW AREA TRANSPORTATION STUDY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2022**

<b>REVENUES</b>	
Federal highway administrative grant	\$ 325,880
Federal transit administrative grant	12,915
Membership dues and local funding	<u>76,136</u>
<b>TOTAL REVENUES</b>	<u>414,931</u>
<b>EXPENSES</b>	
Plan monitoring	40,540
Plan development	46,269
Planning services	54,198
Plan implementation	132,695
Administrative staff	62,766
Rent	2,739
Depreciation/amortization	25,245
Supplies and equipment	4,244
Telephone	1,295
Travel and training	134
Insurance	12,986
Professional fees	11,470
License and subscriptions	7,313
State asset management	5,912
Other expenses	<u>35</u>
<b>TOTAL EXPENSES</b>	<u>407,841</u>
<b>TOTAL OPERATING INCOME</b>	7,090
<b>NONOPERATING EXPENSES</b>	
Investment loss, net	863
Interest expense	<u>814</u>
<b>TOTAL NONOPERATING EXPENSES</b>	<u>1,677</u>
<b>CHANGE IN NET POSITION</b>	5,413
Net position, beginning of year	<u>672,106</u>
Net position, end of year	<u><u>\$ 677,519</u></u>

**WASHTENAW AREA TRANSPORTATION STUDY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 506,929
Cash paid to suppliers and service providers	(45,113)
Cash paid to/for employees	<u>(346,080)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>115,736</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on lease payable	(24,431)
Interest paid on lease payable	<u>(814)</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(25,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>9</u>
<b>NET INCREASE IN CASH</b>	90,500
Cash, beginning of year	<u>55,803</u>
Cash, end of year	<u><u>\$ 146,303</u></u>
Operating income	\$ 7,090
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation/amortization	25,245
Decrease in:	
Due from other governmental units	91,998
Prepaid expenses	1,015
(Decrease) in:	
Accrued liabilities	(6,495)
Compensated absences	<u>(3,117)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 115,736</u></u>

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

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

The Washtenaw Area Transportation Study (the Study) is an Inter-Municipality Committee established under Act 200 of 1957 of the Public Acts of Michigan. The Study is a Transportation Management Area (TMA) for the Washtenaw Area and is governed by a board of directors primarily designated by each of the 21 member units. The Study was established to provide coordinated leadership and direction for the development and conduct of a continuing, cooperative, and comprehensive transportation planning process for the purposes of complying with the intent of the applicable sections of the Federal Highway Act of 1964, as amended.

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

Reporting Entity

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of the Study. The Study operates as an autonomous agency separate from Washtenaw County or any of the other member units and is not financially accountable to any other unit.

The criteria established by Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability. On this basis, accordingly, the financial statements of the Study will not be included in the financial statements of any other organizations. The Study is considered a special purpose governmental unit operating business-type activities and accounts for those activities in a single enterprise fund.

Basis of Presentation

The accounts of the Study are organized on the basis of a fund, which is considered a separate accounting entity. The operation of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, deferred outflows of resources, fund equity, revenues, and expenses. The Study's resources are allocated to and accounted for in the individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund in the financial statements in this report is described as follows:

PROPRIETARY FUND

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

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

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

Measurement Focus

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

Basis of Accounting

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

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred, regardless of the timing of related cash flows.

If/when both restricted and unrestricted resources are available for use, it is the Study's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

The Study defines cash as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash consists of a checking accounts.

In accordance with Michigan Compiled Laws, the Study is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145n and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or Federal agency obligations repurchase agreements.



**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

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

Cash and Investments (continued)

- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

In January 2015, the Study Policy Committee approved a fiduciary agreement with Washtenaw County for investment purposes of cash reserves. The Study also adopted Washtenaw County investment policies which allow funds to be invested in all securities authorized by Michigan Public Act 20 of 1943 with the exception of mutual funds that have a fluctuating per share value. Funds invested with Washtenaw County are recorded at cost, which approximates fair value, and are classified as long-term due to management's intentions to hold the investments for the long-term.

Due from Other Governmental Units

Receivables consist of amounts due from other governmental units for services provided. Bad debts are accounted for using the direct write-off method. The expense is recognized when a specific account is determined to be uncollectible. The effects of using this method approximate those of the allowance method. Past due receivables do not accrue interest, and there were no amounts recognized as bad debt expense for the year ended June 30, 2022.

Prepaid Expenses

Certain payments to vendors for services that will benefit future periods are recorded as prepaid expenses.

Capital Assets

Capital assets are recorded (net of accumulated depreciation/amortization, if applicable) and are those assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Right to use assets are amortized using the straight-line method over the shorter of the lease period or the estimated useful life. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Furniture and equipment	3-5 years
Right to use - leased buildings	4 years

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

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

Lease

The Study is a lessee for a noncancelable lease of office space. The Study recognizes a lease liability and an intangible right-to-use lease asset in the financial statements.

At the commencement of a lease, the Study initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Study determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Study uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Study generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Study is reasonably certain to exercise.

The Study monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Compensated Absences

Employees are granted paid time off in varying amounts. Upon termination of employment if the employee has provided notice of varying amount of notice, accumulated paid time off shall be paid at a daily rate of pay determined by dividing total current annual compensation by the number of workdays in that year. This amount has been divided between a current and noncurrent portion, as applicable, in the Statement of Net Position.

Estimates

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

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2022, the Study had deposits subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Study's deposits may not be returned to it. As of June 30, 2022, the Study's bank balance of \$161,704 was not exposed to custodial credit risk because it was fully insured by the Federal Depository Insurance Corporation (FDIC). The Study's deposits had a carrying amount of \$146,303 as of June 30, 2022.

Interest Rate Risk

The Study has not adopted a policy that addresses interest rate risk, which is the risk that the market value of securities in the portfolio will fail due to changes in market interest rates. As of June 30, 2022, the Study did not have any investments that would be subject to interest rate risk.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require financial disclosure of credit quality. As of June 30, 2022, the Study did not have any investments that would be subject to rating.

Concentration of Credit Risk

The Study has not adopted a policy that addresses concentration of credit risk, which is the risk of loss attributed to the magnitude of the Study's investment in a single issuer. As of June 30, 2022, the Study did not have any investments that would be subject to concentration of credit risk.

Foreign Currency Risk

As of June 30, 2022, the Study did not hold any investments that have this type of risk.

Fair Value Measurement

The Study is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Fair Value Measurement (continued)

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the City's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Study's only investment is in Washtenaw County money market 2a7-like investment pool. The pools is valued at published fair value per share (unit) for the fund. The underlying investments of the pools are reported at fair value and classified as Level 2.

Credit Risk - Investment

The 2a7-like investment pools and the local government investment pool are rated AAA by S&P.

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Restated Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets being depreciated/amortized:				
Furniture and equipment	\$ 45,784	\$ -	\$ -	\$ 45,784
Right to use - leased buildings	101,050	-	-	101,050
Subtotal	<u>146,834</u>	<u>-</u>	<u>-</u>	<u>146,834</u>
Less accumulated depreciation/amortization for:				
Furniture and equipment	(45,784)	-	-	(45,784)
Right to use - leased buildings	-	(25,245)	-	(25,245)
Subtotal	<u>(45,784)</u>	<u>(25,245)</u>	<u>-</u>	<u>(71,029)</u>
Net capital assets	<u>\$ 101,050</u>	<u>\$ (25,245)</u>	<u>\$ -</u>	<u>\$ 75,805</u>

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the Study for the year ended June 30, 2022:

	Restated Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>	Amount Due Within <u>One Year</u>
Direct borrowing and direct placement					
Lease payable	\$ 101,050	\$ -	\$ (24,431)	\$ 76,619	\$ 24,591
Compensated absences	<u>32,222</u>	<u>32,451</u>	<u>(35,568)</u>	<u>29,105</u>	<u>29,105</u>
Total long-term obligations	<u>\$ 133,272</u>	<u>\$ 32,451</u>	<u>\$ (59,999)</u>	<u>\$ 105,724</u>	<u>\$ 53,696</u>

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

\$101,050 Lease payable was originally dated August 1, 2015 for a period of ten years expiring on July 31, 2025. Future monthly payments are \$2,104, including imputed interest of 1%. The lease agreement was for the right to use office space.

\$ 76,619

Vacation and sick leave are earned in varying amounts depending on the number of years of service of an employee determined by the anniversary date of the employee.

Future minimum lease payments to be paid by the Study under the lease agreement are as follows:

Year Ended <u>June 30,</u>	<u>Direct Borrowing and Direct Placement</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 24,591	\$ 654	\$ 25,245
2024	24,838	407	25,245
2025	25,088	157	25,245
2026	<u>2,102</u>	<u>2</u>	<u>2,104</u>
	<u>\$ 76,619</u>	<u>\$ 1,220</u>	<u>\$ 77,839</u>

**NOTE 5 - PENSION**

The Study sponsors a Simplified Employee Pension (SEP) Program and contributes an amount equal to 15% of each full-time employee's salary to a SEP-IRA program selected by the employee. An additional 2.5% is matched and put in to the SEP-IRA if the employee contributes 2.5% of their salary. Pension expense for the year ended June 30, 2022 was \$47,112.

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - RISK MANAGEMENT**

The Study is exposed to risk of loss for workers' compensation for which they carry commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

The Study is a voluntary member of the Michigan Municipal Risk Management Authority, which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately. The Authority administers a risk management fund providing the Study with protection for general liability, vehicle physical damage, property damage, and losses due to crime. The Study has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

**NOTE 7 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Study's management expects such amounts, if any, to be immaterial.

**NOTE 8 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the Study implemented the following new pronouncement:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The restatement of the beginning of the year had no impact on net position. The changes to capital assets and long-term obligations are as follows:

	Capital Assets	Long-term Obligations
Balances as of July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statement No. 87	101,050	101,050
Balances as of July 1, 2021, as restated	\$ 101,050	\$ 101,050

**WASHTENAW AREA TRANSPORTATION STUDY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset -and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Study is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

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

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

## **OTHER SUPPLEMENTARY INFORMATION**



**WASHTENAW AREA TRANSPORTATION STUDY  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Over (under) Budget</u>
<b>REVENUES</b>			
Federal highway administrative grant	\$ 478,952	\$ 325,880	\$ (153,072)
Federal transit administrative grant	12,915	12,915	-
Membership dues and local funding	94,500	76,136	(18,364)
<b>TOTAL REVENUES</b>	<u>586,367</u>	<u>414,931</u>	<u>(171,436)</u>
<b>EXPENSES</b>			
Plan monitoring	59,564	40,540	19,024
Plan development	137,470	46,269	91,201
Planning services	99,273	54,198	45,075
Plan implementation	140,967	132,695	8,272
Administrative staff	43,680	62,766	(19,086)
Rent	25,665	2,739	22,926
Unemployment	2,500	-	2,500
Depreciation/amortization	-	25,245	(25,245)
Printing	5,000	-	5,000
Supplies and equipment	14,000	4,244	9,756
Telephone	-	1,295	(1,295)
Travel and training	12,500	134	12,366
Postage	250	-	250
Insurance	4,500	12,986	(8,486)
Professional fees	29,000	11,470	17,530
License and subscriptions	12,000	7,313	4,687
State asset management	-	5,912	(5,912)
Other expenses	-	35	(35)
<b>TOTAL EXPENSES</b>	<u>586,369</u>	<u>407,841</u>	<u>178,528</u>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>(2)</b>	<b>7,090</b>	<b>7,092</b>
<b>NONOPERATING EXPENSES</b>			
Investment loss, net	-	863	(863)
Interest expense	-	814	(814)
<b>TOTAL NONOPERATING EXPENSES</b>	<u>-</u>	<u>1,677</u>	<u>(1,677)</u>
<b>CHANGE IN NET POSITION</b>	<b>(2)</b>	<b>5,413</b>	<b>5,415</b>
Net position, beginning of year	<u>672,106</u>	<u>672,106</u>	<u>-</u>
Net position, end of year	<u>\$ 672,104</u>	<u>\$ 677,519</u>	<u>\$ 5,415</u>

# MEMORANDUM

To: Policy Committee  
From: Ryan Buck  
Date: June 12, 2023  
Re: FY 2023 First Quarter Financial Statements

## **Background**

WATS' FY 2023 fiscal year began July 1, 2022. The Policy Committee approved total budgeted revenues at \$602,147. After two years of reduced dues to help reduce the burden on local agencies during the pandemic, the FY 2023 budget included the full dues amount.

Second Quarter revenues totaled \$150,134.07; 25% of total budget estimates. Second Quarter expenditures totaled \$90,583; 15% of the budget. The FY 2023 UPWP is expected to be completed on time and within budget.

## **Action Requested**

The FY 2023 Second Quarter Financial Statements are provided for Policy Committee review and acceptance.

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### POLICY COMMITTEE MEMBERS

City of Ann Arbor • Ann Arbor DDA • Ann Arbor Township • City of Chelsea • City of Dexter  
Dexter Township • Eastern Michigan University • Michigan Department of Transportation • City of Milan • Northfield Township •  
Pittsfield Township • City of Saline • Scio Township • Southwest Washtenaw Council of Governments • Superior Township • The Ride  
University of Michigan • Washtenaw County Board of Commissioners • Washtenaw County Road Commission • City of Ypsilanti • Ypsilanti Township •  
• Ex Officio: Federal Highway Administration • Southeast Michigan Council of Governments •

An Intermunicipality Committee organized under Act 200 of Public Acts of Michigan (1957)  
representing Washtenaw County

<b>WATS Balance Sheet</b>				
12/31/2022				
<b>ASSETS</b>				
Checking Accounts		\$	179,555.26	
Cash Savings Fund			120,613.26	
Grants Receivable Accounts			<b>\$240,439.54</b>	
Receivable			0.00	
Prepaid Expenses			<b>\$3,183.85</b>	
Washtenaw County			342,640.68	
<b>Total Current Assets</b>			<b>886,432.59</b>	
<b>Property and Equipment</b>				
Fixed Assets			<b>0.00</b>	
<b>Total Assets</b>			<b>886,432.59</b>	
<b>LIABILITIES AND CAPITAL</b>				
Accounts Payable			2,092.00	
Other liabilities			2,558.20	
Accrued Sick and Vacation			32,221.98	
<b>Pass Through Payments</b>			135,124.20	
<b>Total Current Liabilities</b>			171,996.38	
<b>Unrestricted Net Assets</b>			<b>714,436.21</b>	
Retained Earnings			673,124.10	
Net Income			41,311.88	
<b>Total Equity</b>			<b>714,435.98</b>	
<b>Total Liabilities and Net Assets</b>			<b>886,432.59</b>	
<b>Income Statement</b>				
<b>For the quarter ending December 31, 2022</b>				
		<b>FY 2023</b>		
		<b>Second</b>		
	<b>Budget</b>	<b>Quarter</b>	<b>Year to Date</b>	<b>% of Total Budget</b>
<b>Revenues</b>				

Dues	<b>\$94,500</b>	\$60,492.00	\$85,403.00	90%
Federal	<b>\$492,857</b>	\$89,639.27	\$162,851.03	33%
Interest	\$0.00	\$2.80	\$5.12	
Other Local Contribution	\$14,790	\$0.00	\$0.00	0%
<b>Total Revenues</b>	<b>\$602,147</b>	\$150,134.07	<b>\$248,259.15</b>	<b>41%</b>
<b>Expenses</b>				
Monitoring	\$65,410	\$9,603	\$18,555	28%
Development	\$129,592	\$7,400	<b>\$20,591</b>	16%
Services	\$113,940	\$17,251	<b>\$35,748</b>	31%
Implementation	\$141,370	\$25,946	<b>\$60,720</b>	43%
Administration	\$46,420	\$17,945	<b>\$33,715</b>	73%
Rent and Utilities	25,665	\$6,632	\$15,619	61%
Printing	5,000	\$0	\$0	0%
Supplies & Equipment(include s depreciation)	14,000	\$195	\$1,657	12%
Travel and Training	12,500	\$64	\$3,338	27%
Postage	250	\$0	\$0	0%
Insurance	4,500	\$3,772	<b>\$6,644</b>	148%
Licenses/subscriptions	12,000	\$1,513	\$4,468	37%
Legal Fees	2,000	\$0	\$0.00	0%
Unemployment	2,500	\$0	\$0.00	0%
Professional Services(includes Audit, banking, bookkeeping, design)	27,000	\$261	\$5,891.27	22%
<b>Total Expenses</b>	<b>\$602,147</b>	\$90,583	<b>\$206,947.27</b>	<b>34%</b>
<b>Net Income</b>		<b>\$59,550.97</b>	<b>\$41,311.88</b>	

# MEMORANDUM

To: Policy Committee  
From: Ryan Buck  
Date: June 12, 2023  
Re: FY 2024 Administrative Budget

## **Background**

The FY 2024 Unified Planning Work Program (UPWP) includes an estimated total budget of \$612,915 for WATS. The total federal amount allocated to the WATS planning area is a formula target of \$665,117 and this federal number is significantly higher than prior years due to increases in funding related to the Bipartisan Infrastructure Law (BIL). As discussed in February at the time of UPWP approval, partnerships with The Ride and SEMCOG allow us to program all the dollars provided to WATS from the federal government that would otherwise be lost. This comes at no increased cost to local member agencies. The UPWP can be found [here](#).

Dues remain unchanged from FY 2023. While remaining partners, the Ann Arbor DDA has decided not to continue its voting membership in WATS, however, this does not change the total budget that was presented as part of the FY 2024 Unified Planning Work Program in February. Final 2020 Census data has been released which has historically been used to “recalibrate” dues for larger communities. Looking to FY 2025, the Committee may recommend to evaluate dues based on changes in the population or continue with the existing split between member agencies.

## **P.A. 152 Compliance**

As the health insurance year differs from the WATS fiscal year, total health insurance costs for FY 2024 are unknown. However, current cost projections do not exceed the calendar year 2024 hard cap limits set by P.A. 152. If costs exceed the hard cap, WATS will notify the Policy Committee. Per previous Policy Committee motion, no further action is required to address P.A. 152.

## **Recommended Action**

The WATS director recommends the Policy Committee approve the attached FY 2024 Administrative Budget.

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### POLICY COMMITTEE MEMBERS

City of Ann Arbor • Ann Arbor DDA • Ann Arbor Township • City of Chelsea • City of Dexter  
Dexter Township • Eastern Michigan University • Michigan Department of Transportation • City of Milan • Northfield Township •  
Pittsfield Township • City of Saline • Scio Township • Southwest Washtenaw Council of Governments • Superior Township • The Ride  
University of Michigan • Washtenaw County Board of Commissioners • Washtenaw County Road Commission • City of Ypsilanti • Ypsilanti Township •  
• Ex Officio: Federal Highway Administration • Southeast Michigan Council of Governments •

**Washtenaw Area Transportation Study**  
**Proposed FY 2023 Administrative Budget**

INCOME	FY 2023 Budget			Proposed
	FY 2023 Budget	FY 2023 Through December 31st (invoiced)	% of FY 2023 Budget	
<u>Local Dues:</u>				
City of Ann Arbor	\$8,749	\$8,749	100%	\$8,749
City of Chelsea	\$1,000	\$1,000	100%	\$1,000
City of Milan	\$1,000	\$1,000	100%	\$1,000
City of Saline	\$1,000	\$1,000	100%	\$1,000
City of Ypsilanti	\$1,492	\$1,492	100%	\$1,492
Village of Dexter	\$1,000	\$1,000	100%	\$1,000
Ann Arbor Township	\$1,000	\$1,000	100%	\$1,000
Ann Arbor DDA	\$1,000	\$1,000	100%	\$1,000
Dexter Township	\$1,000	\$1,000	100%	\$1,000
Northfield Township	\$1,000	\$1,000	100%	\$1,000
Pittsfield Township	\$2,662	\$2,662	100%	\$2,662
Southwest COG	\$1,000	\$1,000	100%	\$1,000
Scio Township	\$1,000	\$1,000	100%	\$1,000
Superior Township	\$1,000	\$1,000	100%	\$1,000
Ypsilanti Township	\$4,097	\$4,097	100%	\$4,097
County Board of Commissioners	\$20,000	\$20,000	100%	\$20,000
County Road Commission	\$13,000	\$13,000	100%	\$13,000
Ann Arbor Transportation Authority	\$13,000	\$13,000	100%	\$13,000
University of Michigan	\$13,000	\$13,000	100%	\$13,000
Eastern Michigan University	<u>\$7,500</u>	<u>\$7,500</u>	100%	<u>\$7,500</u>
WATS Reserves Contribution				
<b>Total Dues</b>	<b>\$94,500</b>	<b>\$94,500</b>	100%	<b>\$94,500</b>
<u>Other Revenue</u>				
Federal Grants	<b>\$445,505</b>	\$176,307	40%	
Federal Grant to TheRide	\$47,352			
Interest		\$2		

	Other Local Match Requirement	\$14,790			
Total Other Revenue		\$507,647	\$176,308	35%	
<b>Total Budget Revenue</b>		<b>602147</b>	<b>\$270,808</b>	<b>45%</b>	
<b>EXPENSES</b>					
<b>Indirect Expenses</b>		<b>FY 2023 Budget</b>	<b>FY 2023 as of December 31, 2022</b>	<b>% of FY 2023 Budget</b>	<b>FY 2024 Budget</b>
	Rent and Utilities	25,665	15,619	61%	25,665
	Printing	5,000	0	0%	3,000
	Supplies & Equipment(includ	14,000	1,657	12%	12,500
	Travel and Training	12,500	3,338	27%	12,000
	Postage	250	0	0%	250
	Insurance	4,500	6,644	148%	4,500
	Licenses/subscriptions	12,000	4,468	37%	12,000
	Legal Fees	2,000	0	0%	0
	Unemployment	2,500	\$0	0%	0
	Professional Services(include	27,000	\$5,891.27	22%	25,000
<b>Total Indirect</b>		<b>\$105,415</b>	<b>\$37,617</b>	<b>36%</b>	<b>\$94,915</b>
<b>Direct Expenses (Labor, Fringe and Consultant Contracts)</b>					
	Plan Monitoring	\$65,410	\$18,555	28.37%	\$65,250
	Plan Development	\$129,592	\$20,591	15.89%	\$126,500
	Planning Services	\$113,940	\$35,748	31.37%	\$121,500
	Plan Implementation	\$141,370	\$60,720	42.95%	\$155,250
	Program Administration	\$46,420	\$33,715	72.63%	\$49,500
<b>Total Direct Expenses</b>		<b>\$496,732</b>	<b>\$169,330</b>	<b>34.09%</b>	<b>\$518,000</b>
<b>Total Budget</b>		<b>\$602,147</b>	<b>\$206,947</b>	<b>34.37%</b>	<b>\$612,915</b>

# MEMORANDUM

To: Policy Committee  
From: Nick Sapkiewicz  
Date: June 8, 2023  
Re: 2050 Long Range Transportation Plan - Goals

## Background

WATS recently kicked off 2050 Long Range Transportation Plan development with a series of public involvement opportunities (both in person and virtual) to discuss Plan goals and transportation system expectations. Plan goals have been relatively consistent over time, with transportation system expectations being added for the 2045 LRTP. The goals are fairly robust and have been reaffirmed as in-line with community ambitions with past plan updates. Plan goals have also allowed flexibility to local agencies in implementing a variety of projects that improve the transportation network, from preventive maintenance to new standalone non-motorized facilities.

This most recent round of public participation, in conjunction with a contemporaneous context review of the 2045 Plan goals yielded several recommended changes to the 2050 Plan goals and expectations. The 2050 Plan goals have been updated from and to the following (note the first example provides the format showing the Plan goal, old goal language and new goal language):

- **Existing Plan Goal**
  - Old goal language
  - Updated goal language
  
- **Protect and Enhance the Environment**
  - Reduce emissions and promote active transportation

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#### POLICY COMMITTEE MEMBERS

City of Ann Arbor • Ann Arbor DDA • Ann Arbor Township • City of Chelsea • City of Dexter  
Dexter Township • Eastern Michigan University • Michigan Department of Transportation • City of Milan • Northfield Township •  
Pittsfield Township • City of Saline • Scio Township • Southwest Washtenaw Council of Governments • Superior Township • The Ride  
University of Michigan • Washtenaw County Board of Commissioners • Washtenaw County Road Commission • City of Ypsilanti • Ypsilanti Township •  
• Ex Officio: Federal Highway Administration • Southeast Michigan Council of Governments •

An Intermunicipality Committee organized under Act 200 of Public Acts of Michigan (1957)  
representing Washtenaw County



- Reduce emissions and promote active transportation to attain carbon neutrality
- **Invest strategically in transportation infrastructure enhancing communities livability and sustainability**
  - Improve pavement quality and invest in non-motorized options and efficient transit service (No change proposed)
- **Provide accessibility and mobility**
  - Reduce travel time by increasing access and options
  - Increase the ease and predictability of travel for all users
- **Promote a safe and secure transportation system**
  - Reduce crash rates across all modes
  - Reduce rates of serious crashes across all modes toward zero deaths
- **Engage the public in the transportation decision making process**
  - Increase interaction with the public online and in person
  - Update: Engage in meaningful interaction with the public (note: in this context “meaningful” is not a qualitative measure, but rather indicates that the four types of engagement we track we consider to be meaningful)
- **Link transportation planning and improvements to land use**
  - Increase accessibility of core services throughout the region (No change proposed)

The new for 2050 Expectations for a Transportation System include:

- A safe place to travel, regardless of mode
- Access to opportunity
- Preservation of the community’s assets over additional capacity
- A commitment to consider the needs of all users | Update: A system designed for all users

### **Action**

The Technical Committee recommend the Policy Committee approve the 2050 Plan Goals and expectations for a transportation system.

# MEMORANDUM

To: Policy Committee  
From: Ryan Buck  
Date: May 30, 2023  
Re: 2050 Long Range Transportation Plan - Performance Measures

## **Background**

In the coming months WATS will be launching a new round of public participation with the focus on Washtenaw's locally developed transportation system performance measures.

Completely separate from the federally required performance measures, WATS local performance measures provide an opportunity to define measures and targets in a manner that best reflects the community's priorities and values. These local performance measures can help to inform WATS project selection and enrich the awareness of how the transportation network is performing against the values set for it.

Local performance measures were included in the 2040 and 2045 Long Range Transportation Plans. The original intent had been to carry forward performance measures and make only minor revisions to the targets for the 2050 Plan, however, the COVID 19 pandemic has significantly changed transportation requiring a new baseline set of data and necessitating a rethink of targets. WATS is proposing to use the same local performance measures from developed for the 2045 Plan be used in the development of the 2050 Plan.

[A version of the local performance measures is linked to here.](#) The most up-to-date data sets available have been used to update the measurements. WATS staff intend to take these performance measures to the public this summer/autumn and subsequently open the call for projects for the 2050 Plan.

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**Action**

Staff request the Technical Committee review the 2050 Plan, Local Performance Measures and make a recommendation to the Policy Committee.

WATS Performance Measures												
6/7/2023 Technical Committee, 6/21/2023 Policy Committee Meetings												
CATEGORY	LOCAL PERFORMANCE MEASURE	YEAR / VALUE										UNIT OF MEASUREMENT
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
SAFETY	Number of Serious Car Crashes						158					Crashes where the worst injury was either a fatality or a suspected serious injury, per year (5-Year Average)
	Severe Car Crash Rate						4.17					Crashes where the worst injury was either a fatality or a suspected serious injury, per year, per 100 Million VMT (5-Year Average)
	Number of Serious Non-Motorized Crashes						25.4					Crashes where the worst injury was either a fatality or a suspected serious injury involving either a pedestrian or a bicyclist, per year (5-Year Average)
	Pedestrian Crashes to Commute Volume Index						2.6					Pedestrian Crashes to Commute Volume Index (any severity) per pedestrian commuter, per year, x 1,000 (5-Year Average)
	Bike Crashes to Commute Volume Index						8.3					Crashes involving a bicyclist that resulted in an injury (any severity) per bicycle commuter, per year, x 1,000 (5-Year Average)
ACCESS & MOBILITY	Average Work Trip Travel Time						24					minutes to commute to work among Washtenaw County residents (5-Year Average)
	Percent of Residents Within Walking Distance of Transit							63.3%				of Washtenaw County residents live within 0.5 miles of a fixed-route transit stop
	Percent of Jobs Within Walking Distance of Transit		67.7%									of jobs in Washtenaw County located within 0.5 miles of a fixed-route transit stop
	Percent of Population Covered by Paratransit Services							93.5%				of Washtenaw County residents live within the paratransit service area of at least one of Washtenaw County's 5 paratransit providers
	Daily Per Vehicle Travel Delay		7.62									minutes Washtenaw County residents are delayed per day compared to trip duration in free-flow traffic
Non-Motorized Network Coverage		*									* 40.8% of federal-aid eligible roads have non-motorized facilities for pedestrians; 29.9% of federal-aid eligible roads have non-motorized facilities for bicyclists	
INVEST STRATEGICALLY	Percent of Roads in Good Condition								51.7%			of lane-miles on federal-aid eligible roads have a PASER rating of 7, 8, 9 or 10
	Fixed Route Operating Expense per Unlinked Passenger Trip						\$7.64					per unlinked passenger trip to operate AAATA's fixed route bus service (5-Year Average)
	Number of Closed Bridges/Culverts										*	0 closed bridges; 21 weight-restricted bridges
	Percent of Funds Invested in Active Transportation											??
ENVIRONMENT	Per Capita Non-Commercial VMT								8,755			miles driven annually per Washtenaw County resident
	Per Capita Transit Ridership						30.5					trips taken on AATA, U of M, WAVE, and PEX annually per Washtenaw County resident (5-Year Average)
	Alternative Transportation Mode Share			23.1%								of Washtenaw County residents (16 YO+) commute to work using a non-SOV mode of travel (5-Year Average)
	Air Quality Attainment											
ENGAGE	Online Active Engagement									381		online active engagements per year
	Online Passive Engagement								52,066			online passive engagement per year
	Offline Engagement at Standing WATS Meetings								115			number of attendees at WATS Technical Committee and WATS Policy Committee meetings per year
	Offline Engagement at Special WATS Meetings and Events								75			number of attendees at WATS special meetings per year
LINK TRANSPORTATION & LAND USE	% of HHs within 15 minutes of a Hospital by Mode							*				76.4%, 2.1%, and ??% of HHs are located 15 minutes of a hospital by vehicle, walking, and public transit, respectively
	% of HHs within 15 minutes of a Park by Mode							*				100.0%, 64.3%, and ??% of HHs are located 15 minutes of a park by vehicle, walking, and public transit, respectively
	% of HHs within 15 minutes of a School by Mode							*				98.3%, 52.4%, and ??% of HHs are located 15 minutes of a school by vehicle, walking, and public transit, respectively
	% of Work Trips Accessible within 30 minutes by Mode						*					66.1%, 90.5%, and 49.0% of work trips are accessible within 30 minutes by vehicle, walking, and public transit, respectively (5-Year Average)
EQUITY	Investment in 80th Percentile Environmental Justice Areas								6.3%			of funds in the FY 2021 1st Call for Amendments were allocated to projects within the 80th percentile EJ area
	Investment in 90th Percentile EJ Areas								18.3%			of funds in the FY 2021 1st Call for Amendments were allocated to projects within the 90th percentile EJ area
	Investment in "Low Opportunity" Areas								20.2%			of funds in the FY 2021 1st Call for Amendments were allocated to projects within the "Low Opportunity" area
	Investment in "Very Low Opportunity" Areas								5.0%			of funds in the FY 2021 1st Call for Amendments were allocated to projects within the "Very Low Opportunity" area
<b>ACRONYMS / DEFINITIONS</b>												
Safety / VMT: Vehicle Miles Traveled												
Engage / Online Active Engagement: Calculated by adding [Twitter (Retweets + Mentions + Likes + Comments) + Facebook (Posts + Likes + Comments + Shares) + Instagram (Posts + Likes + Views)]												
Engage / Online Passive Engagement: Calculated by adding [Twitter (Tweets + Tweet Impressions + Profile Visits + Mentions) + Facebook (Posts + Number of People Reached + Post Clicks) + Instagram (Posts) + WATS Website (Users + New Users + Sessions + Pageviews)]												
Equity / EJ: Environmental Justice												