

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**FINANCIAL STATEMENTS**  
**(With Required Supplementary Information)**

**September 30, 2022 and 2021**

*The preparation of this document was financed in part through cooperation with the Federal Transit Administration and the Michigan Department of Transportation. This document was prepared in March 2023 for the Regional Transit Authority of Southeast Michigan.*



REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

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## **INDEPENDENT AUDITOR’S REPORT**

March 24, 2023

To the Board of Directors  
Regional Transit Authority of Southeast Michigan

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of the Regional Transit Authority of Southeast Michigan (“RTA”) as of, and for the years ended, September 30, 2022 and 2021, as well as the related notes to the financial statements, which collectively comprise RTA’s basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of RTA as of September 30, 2022 and 2021, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

#### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”) and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are required to be independent of RTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

RTA’s management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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.

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## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Report on the Audit of the Financial Statements (continued)**

#### **Responsibilities of Management for the Financial Statements (continued)**

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 RTA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we 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.
- We 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 RTA's internal control. Accordingly, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.
- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RTA'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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**Report on the Audit of the Financial Statements (continued)**

**Required Supplementary Information**

U.S. GAAP requires that the management's discussion and analysis on pages 4 through 7 and budgetary comparison on pages 19 through 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, 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 audits 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 24, 2023, on our consideration of RTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RTA's internal control over financial reporting and compliance.

*GSC CPAs & Advisors*

Detroit, Michigan

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

**September 30, 2022 and 2021**

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This section of the annual report of the Regional Transit Authority of Southeast Michigan (“RTA”) presents management’s discussion and analysis of RTA’s financial performance during the fiscal years that ended on September 30, 2022 and 2021. Please read it in conjunction with RTA’s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

During the fiscal year ended September 30, 2022, RTA continued to fund, plan, and promote projects and programs that are designed to achieve its overarching mission, which is to *manage and secure transportation resources that significantly enhance mobility options, to improve the quality of life for the residents, and to increase economic viability for the four-county RTA region.*

RTA continued to build partnerships with mobility providers and other stakeholders during the fiscal year ended September 30, 2022 as it sought to achieve its mission, including the completion of an update to its Regional Master Transit Plan. The RTA Program completed several studies and began a Detroit to Ann Arbor Express (“D2A2”) pilot project in October 2021. RTA also hired three new staff members in August and September 2022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report contains two types of financial statements. The statements of net position and statements of activities (which are presented on pages 8 and 9) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and changes in fund balances for governmental funds (which are presented on pages 10 and 11) are considered fund financial statements. A further discussion of each type of statement follows.

**Government-Wide Financial Statements**

The government-wide financial statements report information about RTA as a whole, using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net position include all of RTA’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report RTA’s net position and how they have changed. Net position represents the difference between RTA’s total of assets and deferred outflows of resources and its total of liabilities and deferred inflows of resources, and it represents one way to measure RTA’s financial health or position. Over time, increases or decreases in RTA’s net position are an indicator of whether its financial health is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

September 30, 2022 and 2021

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****Fund Financial Statements**

The fund financial statements provide more detailed information about RTA's funds, not RTA as a whole. Funds are accounting devices that RTA uses to keep track of specific sources of funding and spending for particular purposes. Most of RTA's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance RTA's programs.

The notes to the financial statements, which begin on page 12, explain some of the information in the financial statements and provide more detailed data. A comparison of RTA's general fund revenue and expenditures to its budget is provided on page 19.

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

Table 1 reflects a condensed summary of RTA's assets, liabilities, and net position as of September 30, 2022, 2021, and 2020:

**Table 1**  
**Statements of Net Position**  
**September 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Assets:</b>			
Cash	\$ 38,728	\$ 57,193	\$ 453,129
Accounts and grants receivable	2,260,522	1,204,950	1,731,291
Prepaid expenses and other assets	50	3,438	2,696
<b>Total Assets</b>	<b><u>\$ 2,299,300</u></b>	<b><u>\$ 1,265,581</u></b>	<b><u>\$ 2,187,116</u></b>

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

September 30, 2022 and 2021

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

**Table 1**  
**Statements of Net Position (continued)**  
**September 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Liabilities:</b>			
Accounts payable	\$ 2,169,280	\$ 816,002	\$ 1,700,549
Accrued payroll and related liabilities	26,752	17,665	17,668
Refundable advances	101,853	429,293	466,293
<b>Total Liabilities</b>	<b><u>2,297,885</u></b>	<b><u>1,262,960</u></b>	<b><u>2,184,510</u></b>
<b>Net Position:</b>			
Unrestricted	1,415	2,621	2,606
<b>Total Net Position</b>	<b><u>\$ 1,415</u></b>	<b><u>\$ 2,621</u></b>	<b><u>\$ 2,606</u></b>

The net position of \$1,415 is due to small amounts of recorded revenue that were not related to RTA’s ongoing projects.

Table 2 reflects a condensed summary of RTA’s revenue, expenses, and changes in net position for the years ended September 30, 2022, 2021, and 2020:

**Table 2**  
**Statements of Activities**  
**For the Years Ended September 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenue:</b>			
Program revenue	\$ 3,775,896	\$ 1,847,355	\$ 4,104,767
General revenue	21	15	362
<b>Total Revenue</b>	<b><u>\$ 3,775,917</u></b>	<b><u>\$ 1,847,370</u></b>	<b><u>\$ 4,105,129</u></b>



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

September 30, 2022 and 2021

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 2

**Statements of Activities (continued)**

For the Years Ended September 30, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Expenses:</b>			
Regional transit	\$ 3,777,123	\$ 1,847,355	\$ 4,104,765
<b>Change in Net Position</b>	<b>(1,206)</b>	<b>15</b>	<b>364</b>
Net Position, Beginning of Year	<u>2,621</u>	<u>2,606</u>	<u>2,242</u>
<b>Net Position, End of Year</b>	<b><u>\$ 1,415</u></b>	<b><u>\$ 2,621</u></b>	<b><u>\$ 2,606</u></b>

The decrease in net position of \$1,206 is due to small amounts overspent on grants and other administrative activities.

**ECONOMIC FACTORS**

RTA has secured administrative funds through the year ending September 30, 2025, if managed in accordance with the draft Business Plan. It is within RTA's legal authority, as the designated recipient of state and federal funds, to secure existing state and federal formula funding for RTA's planning and administrative operations. RTA has not yet exercised that authority to secure a long-term funding source.

**FINANCIAL CONTACT**

This financial report is designed to present its users with a general overview of RTA's finances and to demonstrate RTA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Program Manager of the Regional Transit Authority of Southeast Michigan, 1001 Woodward Avenue, Suite 1400, Detroit, Michigan 48226.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**STATEMENTS OF NET POSITION**

September 30, 2022 and 2021

	<b><u>Governmental Activities</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Assets:</b>		
Cash (Note B)	\$ 38,728	\$ 57,193
Accounts and grants receivable (no allowance considered necessary)	2,260,522	1,204,950
Prepaid expenses and other assets	50	3,438
<b>Total Assets</b>	<b><u>2,299,300</u></b>	<b><u>1,265,581</u></b>
<b>Liabilities:</b>		
Accounts payable	2,169,280	816,002
Accrued payroll and related liabilities	26,752	17,665
Refundable advances	101,853	429,293
<b>Total Liabilities</b>	<b><u>2,297,885</u></b>	<b><u>1,262,960</u></b>
<b>Net Position:</b>		
Unrestricted	1,415	2,621
<b>Total Net Position (see page 10)</b>	<b><u>\$ 1,415</u></b>	<b><u>\$ 2,621</u></b>

See notes to financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**STATEMENTS OF ACTIVITIES**

**For the Years Ended September 30, 2022 and 2021**

	<b><u>Governmental Activities</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Expenses:</b>		
Regional transit program:		
Salaries and wages	\$ 183,679	\$ 114,671
Employee benefits	117,755	88,950
Services	3,424,204	1,606,885
Materials and supplies	13,358	1,822
Utilities	11,313	10,180
Insurance	13,328	14,346
Travel	4,571	55
Other expenses	8,915	10,446
	<b><u>3,777,123</u></b>	<b><u>1,847,355</u></b>
<b>Total Program Expenses</b>		
	<b>3,777,123</b>	<b>1,847,355</b>
<b>Program Revenue:</b>		
Regional transit program:		
Grants	<u>3,775,896</u>	<u>1,847,355</u>
	<b>1,227</b>	<b>-0-</b>
<b>Net Program Expense</b>		
	<b>1,227</b>	<b>-0-</b>
<b>General Revenue:</b>		
Other revenue	<u>21</u>	<u>15</u>
	<b>(1,206)</b>	<b>15</b>
<b>Change in Net Position (see page 11)</b>		
	<b>(1,206)</b>	<b>15</b>
Net Position, Beginning of Year	<u>2,621</u>	<u>2,606</u>
	<b><u>\$ 1,415</u></b>	<b><u>\$ 2,621</u></b>
<b>Net Position, End of Year</b>		

See notes to financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**BALANCE SHEETS — GOVERNMENTAL FUNDS**

September 30, 2022 and 2021

	<u>General Fund</u>	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash (Note B)	\$ 38,728	\$ 57,193
Accounts and grants receivable (no allowance considered necessary)	2,260,522	1,204,950
Prepaid expenditures and other assets	50	3,438
<b>Total Assets</b>	<b><u>\$ 2,299,300</u></b>	<b><u>\$ 1,265,581</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 2,169,280	\$ 816,002
Accrued payroll and related liabilities	26,752	17,665
Refundable advances	101,853	429,293
<b>Total Liabilities</b>	<b><u>2,297,885</u></b>	<b><u>1,262,960</u></b>
<b>Fund Balances (Deficits):</b>		
Nonspendable	50	3,438
Unassigned	1,365	(817)
<b>Total Fund Balances (see page 8)</b>	<b><u>1,415</u></b>	<b><u>2,621</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,299,300</u></b>	<b><u>\$ 1,265,581</u></b>

See notes to financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCES — GOVERNMENTAL FUNDS**

For the Years Ended September 30, 2022 and 2021

	<b>General Fund</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenue:</b>		
Grants	\$ 3,775,896	\$ 1,847,355
Other revenue	21	15
<b>Total Revenue</b>	<b>3,775,917</b>	<b>1,847,370</b>
<b>Expenditures:</b>		
Current:		
Salaries and wages	183,679	114,671
Employee benefits	117,755	88,950
Services	3,424,204	1,606,885
Materials and supplies	13,358	1,822
Utilities	11,313	10,180
Insurance	13,328	14,346
Travel	4,571	55
Other expenses	8,915	10,446
<b>Total Expenditures</b>	<b>3,777,123</b>	<b>1,847,355</b>
<b>Change in Fund Balances (see page 9)</b>	<b>(1,206)</b>	<b>15</b>
Fund Balances, Beginning of Year	2,621	2,606
<b>Fund Balances, End of Year</b>	<b>\$ 1,415</b>	<b>\$ 2,621</b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022 and 2021**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Purpose**

The Regional Transit Authority of Southeast Michigan (“RTA”) was created by the Michigan Legislature through Public Act No. 387 of 2012 and is governed by 10-member board that is appointed for three-year terms by the county executives of Wayne, Oakland, and Macomb counties, the chair of the Washtenaw County Board of Commissioners, the Mayor of Detroit, and the Governor of Michigan. The Governor’s appointee serves as RTA’s chair, without a vote.

The purpose of RTA is to plan for and coordinate public transportation in the four-county region of southeast Michigan, including the City of Detroit, and to deliver rapid transit in a region where none exists. RTA is the entity through which transit providers must apply for state and federal funds, and through which those funds are allocated to providers. RTA is also responsible for developing a Regional Master Transit Plan to guide present and future service and is empowered to put funding questions on the ballot for public vote.

For financial reporting purposes, RTA is not a component unit of any other governmental entity. There are no fiduciary funds or component units included in the accompanying financial statements.

**Basis of Presentation**

The financial statements of RTA consist of government-wide financial statements, which include the statements of net position and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and changes in fund balances for governmental funds.

**Government-Wide Financial Statements**

The government-wide financial statements report information about all of RTA’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Deferred outflows of resources represent the consumption of net assets by RTA that is applicable to a future reporting period, while deferred inflows of resources represent the acquisition of net assets by RTA that is applicable to a future reporting period, and net position is the residual of all other elements presented in the statements of net position.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2022 and 2021

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

**Fund Financial Statements**

For purposes of the fund financial statements, the accounts of RTA are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The various funds are summarized by type in the fund financial statements. The following fund is used by RTA:

**General Fund**

The general fund is the general operating fund of RTA. It is used to account for all financial resources other than those required to be accounted for in another fund.

RTA's fund balances are classified as follows, based on the relative strength of the spending constraints placed on the purposes for which resources can be used:

**Nonspendable**

These fund balances consist of amounts that are not in a spendable form (such as inventory or prepaid expenditures) or that are required to be maintained intact.

**Restricted**

These fund balances consist of amounts that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**Committed**

These fund balances consist of amounts that are constrained to specific purposes by RTA itself, using its highest level of decision-making authority, which is the Board of Directors. To be reported as committed, such amounts cannot be used for any other purpose unless the Board of Directors takes action to remove or change the constraint. The Board of Directors typically establishes (and modifies or rescinds) fund balance commitments by passage of a resolution, or through adoption and amendment of the budget.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2022 and 2021

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

**Fund Financial Statements (continued)**

**Assigned**

These fund balances consist of amounts that RTA intends to use for a specific purpose. Such intent can be expressed by the governing body, which is the Board of Directors, or by an official or body to which the Board of Directors delegates the authority, such as RTA's duly authorized agents. Assigned fund balances are typically established through adoption or amendment of the budget.

**Unassigned**

These fund balances consist of amounts that are available for any purpose. Only the general fund has a positive unassigned fund balance.

**Basis of Accounting**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned and expenses are recorded when incurred. Grants and other revenue intended for use in specific projects are classified as program revenue. All other revenue is classified as general revenue.

**Fund Financial Statements**

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 12 months for grants from governmental agencies) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2022 and 2021**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (continued)**

**Fund Financial Statements (continued)**

Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

Expenditures that are incurred for purposes for which both restricted and unrestricted fund balances are available are applied first to available restricted fund balances, then to unrestricted fund balances. Expenditures that are incurred for purposes for which committed, assigned, and unassigned fund balances are available are applied first to available committed fund balances, then to available assigned fund balances, and finally to unassigned fund balances.

**Concentration of Credit Risk**

During the years ended September 30, 2022 and 2021, RTA utilized three and two vendors respectively, for total purchases of \$2,105,011 and \$1,507,870, respectively, or 73 and 59 percent of total purchases, respectively, each year. The total amounts due to these vendors was \$1,938,978 and \$177,777 as of September 30, 2022 and 2021, respectively.

**Reclassifications**

Certain reclassifications have been made to the accompanying financial statements as of, and for the year ended, September 30, 2021 to conform to classifications used as of, and for the year ended, September 30, 2022.

**NOTE B — CASH DEPOSITS**

State of Michigan (the “State”) statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business, and having a place of business in the State that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that in the event of a bank failure, RTA’s deposits may not be returned to RTA. RTA does not have a deposit policy for custodial credit risk.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2022 and 2021

**NOTE B — CASH DEPOSITS (CONTINUED)**

As of September 30, 2022 and 2021, RTA's carrying amount of deposits and bank balances, and the bank balances that are not covered by federal depository insurance or another type of insurance, are as follows:

	<u>2022</u>	<u>2021</u>
Carrying amount of deposits	<u>\$ 38,728</u>	<u>\$ 57,193</u>
Total bank balances	<u>\$ 38,700</u>	<u>\$ 59,691</u>

All of RTA's bank balances are covered by federal depository insurance as of September 30, 2022 and 2021.

**NOTE C — RISK MANAGEMENT**

Given the normal activities of RTA and the relatively low rate of claims and lawsuits experienced by RTA, the risk involved in RTA's operations is minimal and, in management's opinion, is sufficiently covered by insurance policies.

**NOTE D — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the general fund. All annual appropriations lapse at the end of the fiscal year.

Under the State's Uniform Budgeting and Accounting Act, actual expenditures for any budgeted expenditure category are not to exceed the amounts budgeted for that category. The Uniform Budgeting and Accounting Act permits governmental entities to amend their budgets during the year, and requires amended budgets to be approved by the governing body prior to expending funds in excess of the amount budgeted for that category.

During the year ended September 30, 2022, RTA incurred expenditures in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Salaries and wages	\$ 166,050	\$ 183,679	\$ (17,629)
Employee benefits	95,025	117,755	(22,730)
Utilities	7,500	11,313	(3,813)

Revenue was sufficient to cover the excess expenditures.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2022 and 2021**

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**NOTE E — RELATED-PARTY TRANSACTIONS**

RTA has entered into an agreement with WSP Michigan, Inc. (“WSP”) for the provision of grant support and project management services. A supervising planner at WSP has been appointed RTA’s Program Manager, while continuing employment at WSP. RTA paid total fees of \$354,016 and \$235,890 to WSP during the years ended September 30, 2022 and 2021, respectively. The balance payable to WSP was \$180,408 and \$177,777 as of September 30, 2022 and 2021, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)**

**For the Years Ended September 30, 2022 and 2021**

	2022				2021			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenue:</b>								
Grants	\$ 12,986,850	\$ 12,986,850	\$ 3,775,896	\$ (9,210,954)	\$ 5,915,990	\$ 5,915,990	\$ 1,847,355	\$ (4,068,635)
Other revenue			21	21			15	15
<b>Total Revenue</b>	<b>12,986,850</b>	<b>12,986,850</b>	<b>3,775,917</b>	<b>(9,210,933)</b>	<b>5,915,990</b>	<b>5,915,990</b>	<b>1,847,370</b>	<b>(4,068,620)</b>
<b>Expenditures:</b>								
Current:								
Salaries and wages	166,050	166,050	183,679	(17,629)	325,162	325,162	114,671	210,491
Employee benefits	95,025	95,025	117,755	(22,730)	162,581	162,581	88,950	73,631
Services	4,633,449	4,633,449	3,424,204	1,209,245	4,022,881	4,022,881	1,606,885	2,415,996
Materials and supplies	35,000	35,000	13,358	21,642	12,500	12,500	1,822	10,678
Utilities	7,500	7,500	11,313	(3,813)	12,000	12,000	10,180	1,820
Insurance	14,947	14,947	13,328	1,619	14,235	14,235	14,346	(111)
Travel	5,000	5,000	4,571	429	5,000	5,000	55	4,945
Other expenses	20,500	20,500	8,915	11,585	23,000	23,000	10,446	12,554
<b>Total Expenditures</b>	<b>4,977,471</b>	<b>4,977,471</b>	<b>3,777,123</b>	<b>1,200,348</b>	<b>4,577,359</b>	<b>4,577,359</b>	<b>1,847,355</b>	<b>2,730,004</b>
<b>Change in Fund Balance</b>	<b>\$ 8,009,379</b>	<b>\$ 8,009,379</b>	<b>\$ (1,206)</b>	<b>\$ (8,010,585)</b>	<b>\$ 1,338,631</b>	<b>\$ 1,338,631</b>	<b>\$ 15</b>	<b>\$ (1,338,616)</b>

See note to schedules of revenue and expenditures — budget and actual (general fund).

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES —  
BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)**

**For the Years Ended September 30, 2022 and 2021**

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**NOTE A — BUDGETS AND BUDGETARY ACCOUNTING**

The Regional Transit Authority of Southeast Michigan (“RTA”) establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented and approved by RTA’s Board of Directors. Appropriations are authorized by RTA’s management.