

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND RELATED AUDIT REPORTS**

**For the Year Ended September 30, 2023**

*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 2024 for the Regional Transit Authority of Southeast Michigan.*



REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

March 29, 2024

To the Board of Directors  
Regional Transit Authority of Southeast Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 year ended, September 30, 2023, and the related notes to the financial statements, which collectively comprise RTA’s basic financial statements, and have issued our report thereon dated March 29, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered RTA’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RTA’s internal control. Accordingly, we do not express an opinion on the effectiveness of RTA’s internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of RTA’s financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS (CONTINUED)**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RTA'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 financial statements. 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 under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*GJC CPA's & Advisors*

Detroit, Michigan



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

March 29, 2024

To the Board of Directors  
Regional Transit Authority of Southeast Michigan

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the compliance of the Regional Transit Authority of Southeast Michigan (“RTA”) with the types of compliance requirements described in the *U.S. Office of Management and Budget Compliance Supplement* that could have a direct and material effect on each of RTA’s major federal programs for the year ended September 30, 2023. RTA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, RTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of RTA and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of RTA’s compliance with the compliance requirements referred to above.

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Report on Compliance for Each Major Federal Program (continued)**

**Responsibilities of Management for Compliance**

RTA’s management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to RTA’s federal programs.

**Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on RTA’s compliance based on our audit. *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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RTA’s compliance with the requirements of each major federal program as a whole.

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

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material noncompliance, 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 RTA’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- We obtain an understanding of RTA’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of RTA’s internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Report on Compliance for Each Major Federal Program (continued)**

**Auditor’s Responsibilities for the Audit of Compliance (continued)**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities and each major fund of RTA as of, and for the year ended, September 30, 2023, as well as the related notes to the financial statements, which collectively comprise RTA’s basic financial statements.

Board of Directors  
Regional Transit Authority of Southeast Michigan  
March 29, 2024  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)**

We issued our report thereon dated March 29, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance, 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 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 U.S. GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*GJC CPA & Advisors*

Detroit, Michigan



REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2023**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America Unmodified

Internal control over financial reporting:

- Material weaknesses identified?            Yes     X     No
- Significant deficiencies identified?            Yes     X     None reported

Noncompliance material to financial statements noted?            Yes     X     No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?            Yes     X     No
- Significant deficiencies identified?            Yes     X     None reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            Yes     X     No

Identification of major federal programs:

<b><u>Assistance Listing Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee?            Yes     X     No

**FINANCIAL STATEMENT AUDIT FINDINGS**

None

**MAJOR FEDERAL AWARD PROGRAM AUDIT FINDINGS AND QUESTIONED COSTS**

None

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended September 30, 2023**

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b>U.S. Department of Transportation:</b>				
Direct:				
Federal Transit Cluster:				
Federal Transit – Formula Grants	20.507	MI-2022-005-00	\$ 1,086,243	\$ -0-
Federal Transit – Formula Grants	20.507	MI-2021-036-00	1,834,854	1,834,854
Federal Transit – Formula Grants	20.507	MI-2023-001	<u>1,477,857</u>	<u>1,477,857</u>
Total Federal Transit Cluster			4,398,954	3,312,711
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	MI-2017-031-02	<u>260,311</u>	<u>260,311</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 4,659,265</u></b>	<b><u>\$ 3,573,022</u></b>

See notes to schedule of expenditures of federal awards.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended September 30, 2023**

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**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs of the Regional Transit Authority of Southeast Michigan (“RTA”). Federal awards received directly from federal agencies, as well as federal awards passed through other agencies, are included on this schedule.

**Basis of Presentation**

The information in the accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because this schedule presents only a selected portion of RTA’s operations, it is not intended to, and does not, present the financial position or changes in financial position of RTA.

**Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is the basis of accounting used to prepare RTA’s government-wide financial statements. There were no differences between the expenditures presented in the accompanying schedule of expenditures of federal awards and the expenditures incurred under these programs using the modified accrual basis of accounting, which is the basis of accounting used to prepare RTA’s fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, in which certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE B — INDIRECT COST RATE**

RTA has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.