



Board of Directors Meeting
Thursday, March 20, 2025
SEMCOG Offices, Woodward Room
1001 Woodward Avenue, Suite 1400
Detroit, MI 48226
[Zoom Virtual Public Participation](#)
1:00 PM

AGENDA

1. Call to Order
2. Roll Call
3. **Approval of Agenda**
4. Public Comment – Time Limitation for Public Comment = 3 minutes per speaker
5. Executive Directors Report
6. Presentations
7. Consent Agenda
 - a. **Approval of February 2025 Board Meeting Summary**
 - b. **Approval of February 2025 Financial Report**
8. Regular Agenda
 - a. **Approval of FY2024 Draft Financial Audit**
 - b. **Approval of FY2026 State Funding Applications**
 - c. **Approval of 2025 Legislative Report & Legislative Policy Priorities**
9. New Business
10. Adjourn

The Board may, at its discretion, revise this agenda or take up any other issues as needed, and time allows. Request for reasonable accommodation at RTA meetings requires advanced reservations. Individuals with disabilities requiring assistance should contact RTA Information Services at least 48 hours in advance of the meeting. Documents and information are available in a variety of formats. Contact the RTA at info@rtamichigan.org or call 313-402-1020 to discuss your format needs.



Proposed Meeting Summary
Board of Directors
 Thursday, February 20, 2025
 1:00 PM

1. Call to Order at 1:02 PM.

2. Roll Call:

Board of Directors members	Government Entity	Attendance Status
Jeannette Bradshaw	Oakland County	P
Freman Hendrix (Secretary)	City of Detroit	P
June Lee	Wayne County	A
Dave Massaron (Chair)	State of Michigan	P
Jon Moore	Macomb County	P
Don Morandini (Vice Chair)	Macomb County	A
Dr. Erica Robertson	Wayne County	A
Alma Wheeler Smith (Treasurer)	Washtenaw County	P
Ned Staebler	Washtenaw County	P
Helaine Zack	Oakland County	V

Absent (A); Present (P); Virtual (V) means participating online, yet unable to vote on official business.

RTA Representatives Present:

Ben Stupka, Melanie Piana, Julia Roberts, Corri Wofford, Kristin Caffray, Travis Grubb, Khalil Davis, Isaac Constans, Kameron Bloye, Rachel Schmuhl, Dasia Mack

Other Meeting Participants:

Rehmann - Michelle Hodges
 Mario Morrow Associates (MMA) - Ryan Bridges
 Bhadala - Farai Gundan

3. Approval of Agenda

- Moved by Treasurer Wheeler Smith and supported by Member Moore. The agenda for February 20, 2025, was approved. The motion carried on the following roll call vote:

Board of Directors members	Government Entity	Vote
Jeannette Bradshaw	Oakland County	Y
Freman Hendrix (Secretary)	City of Detroit	Y
June Lee	Wayne County	A
Dave Massaron (Chair)	State of Michigan	Y
Jon Moore	Macomb County	Y
Don Morandini (Vice Chair)	Macomb County	A
Dr. Erica Robertson	Wayne County	A
Alma Wheeler Smith (Treasurer)	Washtenaw County	Y
Ned Staebler	Washtenaw County	Y
Helaine Zack	Oakland County	V

Absent (A); Yea (Y); Nay (N); Virtual (V) means participating online, yet unable to vote on official business.

4. Public Comment

- Brother Cunningham spoke about the DDOT Virtual Community Input Meeting on Thursday, February 20, from 5 – 7 PM. Cunningham offered the call in number (+1(312)626-6799) and the meeting ID number (96268082855) for virtual participants. He also offered the following phone number for additional questions: (313) 444-9144.

5. Executive Directors Report

- Executive Director Stupka presented the following topics:
 - Big News at the RTA: Federal Funding, Executive Budget, and the Governor’s Road Funding Proposal
 - RTA Departments: Administration, Communications, and Core Business
 - QLINE: Ridership, On Time Performance, Delays, Safety
 - D2A2 and DAX Ridership Trends
 - Mobility Wallet, Access to Transit (ATP), and the Corridors Framework initiatives
 - Policy and Coalition Building Strategies

6. Presentations

a. Federal and State Formula Funding Overview

- Julia Roberts presented the following topics:
 - Funding Responsibilities
 - FY 2025 Federal Funding Formula
 - Provider Expectations

- Next Steps

7. Consent Agenda

a. Approval of the January 2025 Board Meeting Summary

b. Approval of January 2025 Financial Report

- Moved by Treasurer Wheeler Smith and supported by Secretary Hendrix. The motion carried on the following roll call vote:

Board of Directors members	Government Entity	Vote
Jeannette Bradshaw	Oakland County	Y
Freman Hendrix (Secretary)	City of Detroit	Y
June Lee	Wayne County	A
Dave Massaron (Chair)	State of Michigan	Y
Jon Moore	Macomb County	Y
Don Morandini (Vice Chair)	Macomb County	A
Dr. Erica Robertson	Wayne County	A
Alma Wheeler Smith (Treasurer)	Washtenaw County	Y
Ned Staebler	Washtenaw County	Y
Helaine Zack	Oakland County	V

Absent (A); Yea (Y); Nay (N); Virtual (V) means participating online, yet unable to vote on official business.

8. Closed Session

a. Executive Director Performance Review

Chair Massaron requested the board to make a motion to go into closed session for the purpose of Executive Director personnel performance evaluation. Moved by Secretary Hendrix and supported by Member Bradshaw. The board went into closed session at 1:32 PM.

- The board ended closed session and opened up the public meeting at 1:46 PM.
- After the closed session, Chair Massaron asked the board to add a new resolution for the RTA Board of Directors to adopt and document a positive review of Executive Director Stupka’s performance, to approve Mr. Stupka’s bonus increase and to provide a compensation adjustment/raise equal to that which was given to the staff of the RTA, in accordance with his contract.
- Moved by Member Moore and supported by Treasurer Wheeler Smith. The board adopted the resolution unanimously.

9. Regular Agenda

a. Approval of State Application Resolution

- Executive Director Stupka spoke on the State Application Resolution.
- Moved by Treasurer Wheeler Smith and supported by Member Bradshaw to approve the state application resolution. The motion carried on the following roll call vote:

Board of Directors members	Government Entity	Vote
Jeannette Bradshaw	Oakland County	Y
Freman Hendrix (Secretary)	City of Detroit	Y
June Lee	Wayne County	A
Dave Massaron (Chair)	State of Michigan	Y
Jon Moore	Macomb County	Y
Don Morandini (Vice Chair)	Macomb County	A
Dr. Erica Robertson	Wayne County	A
Alma Wheeler Smith (Treasurer)	Washtenaw County	Y
Ned Staebler	Washtenaw County	Y
Helaine Zack	Oakland County	V

Absent (A); Yea (Y); Nay (N); Virtual (V) means participating online, yet unable to vote on official business.

10. New Business

There was no new business.

11. Meeting adjourned at 1:49 PM.

Regional Transit Authority of Southeast Michigan

Statement of Net Position and Governmental Funds Balance Sheet

February 28, 2025

	General Fund	Adjustments	Statement of Net Position	Prior Year (for comparison)
Assets				
Cash and cash equivalents	\$ 3,790,947	\$ -	\$ 3,790,947	\$ 162,161
Restricted cash and cash equivalents	65,892	-	65,892	15,828
Accounts receivable	1,357,444	-	1,357,444	755,743
Prepays and other assets	121,062	-	121,062	2,110
Capital assets, net of depreciation	-	102,880,057	102,880,057	271,831
Other Assets	-	-	-	-
Total assets	<u>\$ 5,335,345</u>	<u>\$ 102,880,057</u>	<u>\$ 108,215,402</u>	<u>\$ 1,207,673</u>
Liabilities				
Accounts payable and other accrued liabilities	1,686,416	-	1,686,416	817,837
Accrued payroll and related liabilities	33,995	-	33,995	28,379
Refundable advance	81,361	-	81,361	81,361
Compensated absences	-	77,126	77,126	-
Unearned Revenue	65,555	-	65,555	-
Total liabilities	<u>\$ 1,867,327</u>	<u>\$ 77,126</u>	<u>\$ 1,944,453</u>	<u>\$ 927,577</u>
Fund balance				
Fund balance	5,575,701	(5,575,701)	-	-
Current year change in fund balance	<u>(2,107,683)</u>	<u>2,107,683</u>	-	-
Total fund balance	<u>\$ 3,468,018</u>			
Total liabilities and fund balance	<u>\$ 5,335,345</u>			
Net position				
Investment in capital assets		102,880,057	102,880,057	271,831
Unrestricted		7,804,190	7,804,190	79,347
Current year change in net position		<u>(4,413,298)</u>	<u>(4,413,298)</u>	<u>(71,082)</u>
Total net position		<u>\$ 106,270,949</u>	<u>\$ 106,270,949</u>	<u>\$ 280,096</u>

Regional Transit Authority of Southeast Michigan
Statement of Activities and
Governmental Revenues, Expenditures and Changes in Fund Balance
For the 5 Months Ending February 28, 2025

	General Fund	Adjustments	Statement of Activities
Revenue			
Fares	\$ 241,730	\$ -	\$ 241,730
Federal grants	2,790,310	-	2,790,310
State grants - matching	358,942	-	358,942
State grants	2,500,679	-	2,500,679
Local grants	-	-	-
In-kind revenue	112,262	-	112,262
Project match revenue	-	-	-
RTA regional planning set-aside	-	-	-
Other	33,851	-	33,851
Total revenue	\$ 6,037,774	\$ -	\$ 6,037,774
Expenditures/expenses			
Operating:			
Personnel	2,118,807	11,561	2,130,368
Conferences/events/training	86,220	-	86,220
Board & public meeting management	7,273	-	7,273
Finance, legal, government relations	191,711	-	191,711
Insurance	366,864	-	366,864
Rent and utilities	169,659	-	169,659
Telephone and internet	6,258	-	6,258
Computer equipment and IT support	98,448	-	98,448
Services	2,628,704	-	2,628,704
Supplies	1,619,530	-	1,619,530
Total operating	7,293,474	11,561	7,305,035
Planning:			
Planning services	566,955	-	566,955
Specialized planning services	-	-	-
CHSTP	168,095	-	168,095
Community engagement	-	-	-
Total planning	735,050	-	735,050
External affairs:			
Branding	-	-	-
External communications	90,090	-	90,090
Social media management	-	-	-
Website	19,395	-	19,395
Graphics/photography	6,075	-	6,075
Promotional items	-	-	-
Miscellaneous items	1,373	-	1,373
Total external affairs	116,933	-	116,933
Other -			
Depreciation/amortization	-	2,294,054	2,294,054
Total expenditures/expenses	\$ 8,145,457	\$ 2,305,615	\$ 10,451,072
Change in fund balance/net position	\$ (2,107,683)	\$ (2,305,615)	\$ (4,413,298)

Regional Transit Authority of Southeast Michigan

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

For the 5 Months Ending February 28, 2025

	General Admin		Qline		D2A2	
	Actual	Budget	Actual	Budget	Actual	Budget
Revenue						
Fares	\$ -	\$ -	\$ -	\$ -	\$ 140,830	\$ 140,200
Federal grants	1,354,543	1,132,695	-	458,333	771,021	712,808
State grants - matching	-	-	-	114,583	192,755	46,275
State grants	341,116	477,390	2,071,630	1,228,590	-	210,634
Local grants	-	-	-	2,458,333	-	-
In-kind revenue	-	-	-	-	62,626	58,417
Project match revenue	-	-	-	-	-	-
RTA regional planning set-aside	-	-	-	-	-	-
Other	21,966	-	11,885	-	-	-
Total revenue	\$ 1,717,626	\$ 1,610,085	\$ 2,083,515	\$ 4,259,840	\$ 1,167,232	\$ 1,168,333
Expenditures						
Operating:						
Personnel	587,755	797,923	1,531,051	1,711,250	-	-
Conferences/events/training	49,387	46,928	36,833	-	-	-
Board & public meeting management	5,640	6,500	1,633	-	-	-
Finance, legal, government relations	180,213	135,023	11,499	195,089	-	-
Insurance	68,168	6,988	298,696	526,667	-	-
Rent and utilities	578	53,250	169,080	199,583	-	-
Telephone and internet	6,259	3,513	-	-	-	-
Computer equipment and IT support	63,437	44,590	34,203	-	809	-
Services	3,396	-	477,417	53,750	1,166,423	1,168,333
Supplies	489	1,042	1,619,040	1,660,417	-	-
Total operating	965,322	1,095,756	4,179,453	4,346,756	1,167,232	1,168,333
Planning:						
Planning services	422,533	234,392	56,489	-	-	-
Specialized planning services	-	52,083	-	-	-	-
CHSTP	168,095	62,500	-	-	-	-
Community engagement	-	83,333	-	-	-	-
Total planning	590,628	432,308	56,489	-	-	-
External affairs:						
Branding	-	4,167	-	-	-	-
External communications	60,000	52,083	30,090	65,833	-	-
Social media management	-	3,250	-	-	-	-
Website	15,700	14,583	3,695	-	-	-
Graphics/photography	-	4,229	6,075	-	-	-
Promotional items	-	3,708	-	-	-	-
Miscellaneous items	125	-	1,248	-	-	-
Total external affairs	75,825	82,021	41,108	65,833	-	-
Total expenditures	\$ 1,631,774	\$ 1,610,085	\$ 4,277,049	\$ 4,412,589	\$ 1,167,232	\$ 1,168,333
Change in fund balance	\$ 85,851	\$ -	\$ (2,193,535)	\$ (152,749)	\$ -	\$ -

Regional Transit Authority of Southeast Michigan

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

For the 5 Months Ending February 28, 2025

	DAX		One Click/One Call		Mobility Wallet	
	Actual	Budget	Actual	Budget	Actual	Budget
Revenue						
Fares	\$ 100,900	\$ 113,333	\$ -	\$ -	\$ -	\$ -
Federal grants	589,027	378,398	75,720	166,667	-	-
State grants - matching	147,257	66,667	18,930	41,667	-	-
State grants	-	74,935	-	-	4,655	250,000
Local grants	-	-	-	-	-	-
In-kind revenue	49,636	33,333	-	-	-	-
Project match revenue	-	-	-	-	-	-
RTA regional planning set-aside	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	\$ 886,819	\$ 666,667	\$ 94,650	\$ 208,333	\$ 4,655	\$ 250,000
Expenditures						
Operating:						
Personnel	-	-	-	-	-	-
Conferences/events/training	-	-	-	-	-	-
Board & public meeting management	-	-	-	-	-	-
Finance, legal, government relations	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Rent and utilities	-	-	-	-	-	-
Telephone and internet	-	-	-	-	-	-
Computer equipment and IT support	-	-	-	-	-	-
Services	886,819	666,667	94,650	208,333	-	250,000
Supplies	-	-	-	-	-	-
Total operating	886,819	666,667	94,650	208,333	-	250,000
Planning:						
Planning services	-	-	-	-	4,655	-
Specialized planning services	-	-	-	-	-	-
CHSTP	-	-	-	-	-	-
Community engagement	-	-	-	-	-	-
Total planning	-	-	-	-	4,655	-
External affairs:						
Branding	-	-	-	-	-	-
External communications	-	-	-	-	-	-
Social media management	-	-	-	-	-	-
Website	-	-	-	-	-	-
Graphics/photography	-	-	-	-	-	-
Promotional items	-	-	-	-	-	-
Miscellaneous items	-	-	-	-	-	-
Total external affairs	-	-	-	-	-	-
Total expenditures	\$ 886,819	\$ 666,667	\$ 94,650	\$ 208,333	\$ 4,655	\$ 250,000
Change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

Regional Transit Authority of Southeast Michigan

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

For the 5 Months Ending February 28, 2025

	Access to Transit		Total Year to Date		Annual
	Actual	Budget	Actual	Budget	Budget
Revenue					
Fares	\$ -	\$ 666,667	\$ 241,730	\$ 920,200	\$ 608,480
Federal grants	-	-	2,790,310	2,848,901	8,437,361
State grants - matching	-	166,667	358,942	435,858	1,046,060
State grants	83,278	568,081	2,500,679	2,809,630	6,743,114
Local grants	-	-	-	2,458,333	5,900,000
In-kind revenue	-	-	112,262	91,750	220,200
Project match revenue	-	-	-	-	-
RTA regional planning set-aside	-	-	-	-	-
Other	-	-	33,851	-	-
Total revenue	\$ 83,278	\$ 1,401,415	\$ 6,037,774	\$ 9,564,673	\$ 22,955,215
Expenditures					
Operating:					
Personnel	-	-	2,118,807	2,509,173	6,022,016
Conferences/events/training	-	-	86,220	46,928	112,628
Board & public meeting management	-	-	7,273	6,500	15,600
Finance, legal, government relations	-	-	191,712	330,112	792,269
Insurance	-	-	366,864	533,654	1,280,770
Rent and utilities	-	-	169,658	252,833	606,800
Telephone and internet	-	-	6,259	3,513	8,430
Computer equipment and IT support	-	-	98,449	44,590	107,015
Services	-	1,401,415	2,628,705	3,748,498	8,996,395
Supplies	-	-	1,619,530	1,661,458	3,987,500
Total operating	-	1,401,415	7,293,475	9,137,260	21,929,423
Planning:					
Planning services	83,278	-	566,955	234,392	562,540
Specialized planning services	-	-	-	52,083	125,000
CHSTP	-	-	168,095	62,500	150,000
Community engagement	-	-	-	83,333	200,000
Total planning	83,278	-	735,050	432,308	1,037,540
External affairs:					
Branding	-	-	-	4,167	10,000
External communications	-	-	90,090	117,917	283,000
Social media management	-	-	-	3,250	7,800
Website	-	-	19,395	14,583	35,000
Graphics/photography	-	-	6,075	4,229	10,150
Promotional items	-	-	-	3,708	3,400
Miscellaneous items	-	-	1,373	-	5,500
Total external affairs	-	-	116,933	147,854	354,850
Total expenditures	\$ 83,278	\$ 1,401,415	\$ 8,145,457	\$ 9,717,422	\$ 23,321,813
Change in fund balance	\$ -	\$ -	\$ (2,107,683)	\$ (152,749)	\$ (366,598)

concluded.

Project Budget Tracker

Title **Detroit to Ann Arbor Express Bus (D2A2)**
Description Express bus connecting downtown Detroit to downtown Ann Arbor.
Schedule October 2021 - September 2025

Budget Tracker			
	Total	ITD	Balance
Cost	\$ 8,835,511	\$ 9,071,661	(\$236,150)
Grants			
MI-2021-036-01	\$4,311,592	\$4,311,592	(\$0)
2017-0119/P7/R2	\$1,635,893	\$1,595,191	\$40,702
Fares/Contrib	\$955,214	\$1,351,879	(\$396,665)
MI-2021-036-02	\$1,373,593	\$1,253,780	\$119,813
ARPA MI-2022-005-02	\$559,219	\$559,219	\$0
	\$8,835,511	\$9,071,661	(\$236,150)

Title **Regional Mobility Management (MyRide2)**
Description Call center/website with information for seniors and persons with disabilities.
Schedule October 2017 - September 2026

Budget Tracker			
	Total	ITD	Balance
Cost	\$1,850,920	\$1,690,505	\$160,415
Grants			
MI-2017-031-02	\$1,069,444	\$1,069,444	\$0
2017-0119/P2/R4	\$267,361	\$267,361	\$0
MI-2024-009-01	\$411,292	\$282,960	\$128,332
2022-0126/P7	\$102,823	\$70,740	\$32,083
	\$1,850,920	\$1,690,506	\$160,415

Title **Universal Basic Mobility Pilot**
Description Mobility wallet fare technology pilot focused on Detroit jobseekers.
Schedule June 2023 - July 2026

Budget Tracker			
	Cost	ITD	Balance
Cost	\$1,025,000	\$441,318	\$583,682
Grants			
2022-0126-P3	\$1,025,000	\$441,318	\$583,682
	\$1,025,000	\$441,318	\$583,682

Title **Downtown to Airport Express**
Description Express bus connecting downtown Metro Airport to Downtown Detroit.
Schedule March 2024 - March 2025

Budget Tracker			
	Cost	ITD	Balance
Cost	\$3,019,087	\$2,155,715	\$863,372
Grants			
MI-2024-002	\$2,000,000	\$1,425,423	\$574,577
2022-0126-P4 R1	\$500,000	\$356,356	\$143,644
Fares/Contrib	\$519,087	\$373,936	\$145,151
	\$3,019,087	\$2,155,715	\$863,372

Title **Regional Technology Strategic Plan**
Description Inventory and assessment of providers technology and identification of goals.
Schedule October 2024 - June 2025

Budget Tracker			
	Cost	ITD	Balance
Cost	\$125,000	\$33,149	\$91,851
Grants			
2017-0119/P10	\$125,000	\$33,149	\$91,851

Title **Access to Transit Program**
Description Grant program for safety and access improvements at bus stops.
Schedule October 2024 - December 2026

Budget Tracker			
	Cost	ITD	Balance
Cost	\$3,363,395	\$83,278	\$3,280,117
Grants			
2022-0126-P6	\$1,363,395	\$83,278	\$1,280,117
FY2024 CMAQ*	\$1,600,000	\$0	\$1,600,000
State Grant*	\$400,000	\$0	\$400,000
	\$3,363,395	\$83,278	\$3,280,117

*Funding is secured. Will be amended into the grant at a future date.

Regional Transit
Authority of
Southeast Michigan



Year Ended
September 30,
2024

Financial
Statements

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REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

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📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Regional Transit Authority of Southeast Michigan
Detroit, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Regional Transit Authority of Southeast Michigan (the Authority), as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Regional Transit Authority of Southeast Michigan'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 respective financial position of the governmental activities and the major fund of the Regional Transit Authority of Southeast Michigan, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Change in Accounting Principle

As described in Note 1 to the financial statements, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, during the year ended September 30, 2024. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Authority's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

March 14, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Management's Discussion and Analysis

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 year that ended on September 30, 2024. Please read it in conjunction with RTA's financial statements, which follow this section.

Financial Highlights

- RTA continued to build partnerships with mobility providers and other stakeholders during the fiscal year ended September 30, 2024 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 continued the execution of the Detroit to Ann Arbor Express ("D2A2") pilot and launching the Detroit to Airport Express ("DAX") in March 2024. It also continued to supported the MyRide2 service, launched Phase 1 of the Mobility Wallet pilot, and the Coordinated Human Services Transportation Plan ("Mobility4All Plan"). RTA also hired three new staff members during fiscal year 2024.
- The assets of the RTA exceeded its liabilities at the close of the most recent fiscal year by \$115,147 (net position). Of this amount, \$56,535 was unrestricted deficit and the remainder was investment in capital assets which cannot be easily liquidated to pay for operational needs.
- The RTA's total net position decreased by \$233,444 from operations during fiscal 2024.
- The General Fund received \$6,590,523 in revenues. The General fund had \$6,589,230 in expenditures. The General Fund fund balance increased by \$1,203.
- At the end of the current fiscal year, unassigned fund deficit for the General Fund was \$2,528.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to RTA's basic financial statements. RTA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of RTA's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of RTA's assets and liabilities, with the difference being net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of RTA is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. RTA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. RTA maintains one governmental fund.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Management's Discussion and Analysis

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating RTA's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds (modified accrual) statements with similar information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents the management's discussion and analysis, which is considered required supplementary information.

RTA adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of RTA, assets exceeded liabilities by \$115,147 at the end of the September 30, 2024 fiscal year.

	Summary of Net Position	
	2024	2023 as restated
Assets		
Current and other assets	\$ 1,963,011	\$ 1,373,242
Capital assets, net	171,682	343,365
Total assets	<u>2,134,693</u>	<u>1,716,607</u>
Liabilities		
Other liabilities	1,953,996	1,365,430
Compensated absences	65,550	2,586
Total Liabilities	<u>2,019,546</u>	<u>1,368,016</u>
Net position		
Investment in capital assets	171,682	343,365
Unrestricted (deficit)	(56,535)	5,226
Total net position	<u>\$ 115,147</u>	<u>\$ 348,591</u>

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Management's Discussion and Analysis

The net position consisted of two components for 2024, which was investment in capital assets of \$171,682 and unrestricted net deficit of \$56,535.

RTA's net position decreased by \$233,444 during the current fiscal year.

	Statement of Activities	
	2024	2023
Revenues		
Program revenues:		
Operating grants and contributions	\$ 6,365,577	\$ 6,190,022
Charges for service	160,906	-
General revenues:		
Other revenue	64,040	4,763
Total revenues	<u>6,590,523</u>	<u>6,194,785</u>
Expenses	<u>6,823,967</u>	<u>5,847,609</u>
Change in net position	(233,444)	347,176
Net position:		
Beginning of year	<u>348,591</u>	<u>1,415</u>
End of year	<u>\$ 115,147</u>	<u>\$ 348,591</u>

Total revenue increased by \$395,738 during the year due to the launching of DAX in March 2024 as well as Phase 1 of Mobility4All Plan, which increased operating grant revenue and contributions as well as charges for service revenue.

Total expense increased by \$976,358 during the year due to the corresponding expenses associated with launching DAX and Phase 1 of Mobility4All. The RTA also increased staffing by three individuals to support expanded studies and services.

Summary of Fund Financial Statements

Governmental Fund. As noted earlier, the focus of the governmental fund (modified accrual) financial statements is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing RTA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the RTA's governmental fund reported an ending fund balance of \$9,015 an increase of \$1,203 from the prior year. \$11,543 of the fund balance is considered nonspendable related to prepaids.

At the end of the current fiscal year, unassigned fund deficit for the General Fund was \$2,528.

The increase in the fund balance of \$1,203 is mainly due to RTA requesting and receiving reimbursement from grantors for compensated absences as employee earn the benefit. These funds are segregated until the time of payment, as required.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Management's Discussion and Analysis

Budgetary Highlights

RTA adopts an annual budget for the General Fund. A budgetary comparison statement has been provided as supplementary information to demonstrate compliance with this budget.

There were no budget amendments during fiscal year 2024. Actual revenues and expenditures varied from the adopted budget. The most significant variances are discussed below.

- Grant revenue was budgeted for the life of the projects resulting in actual results under budget by \$9,225,067.
- Similarly, fare revenue was budgeted for the life of the project and was under budget by \$328,402.
- Other revenue was over budget by \$64,040 due to receipt of in kind contributed services resulting from DAX.
- Salaries and benefits were under budget by \$407,637 due to vacant positions and those that were not filled until later in the fiscal year.

Capital Asset and Debt Administration

Capital Assets. The following is a summary of capital assets and the associated accumulated amortization:

	2024	2023
Software assets	\$ 343,365	\$ 343,365
Less accumulated amortization	(171,683)	-
Net capital assets	<u>\$ 171,682</u>	<u>\$ 343,365</u>

The capital assets of RTA consist exclusively of software.

Long-term Debt. At the end of the current and prior fiscal years, the RTA had no long-term debt.

Economic Factors and Next Year's Budget

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.

On October 1, 2024, RTA executed a purchase agreement with M-1 RAIL, M-2 RAIL (Michigan nonprofit corporations), M-3 RAIL, LLC and M-1 RAIL Towing, LLC (Michigan limited liability companies) to acquire all assets related to the operation of the Street Railway System in the City of Detroit, commonly referred to as the QLINE. This will have a significant impact on RTA's operations in the coming years.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Management's Discussion and Analysis

Requests for Information

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 Executive Director of the Regional Transit Authority of Southeast Michigan, 1001 Woodward Avenue, Suite 1400, Detroit, Michigan 48226.

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BASIC FINANCIAL STATEMENTS

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REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Statement of Net Position

September 30, 2024

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 482,855
Restricted cash and cash equivalents	55,758
Accounts and grants receivable	1,412,855
Prepays	11,543
Capital assets being amortized, net	<u>171,682</u>
Total assets	<u>2,134,693</u>
Liabilities	
Accounts payable	1,764,169
Accrued payroll and related liabilities	52,708
Refundable advances	81,361
Unearned revenue	55,758
Compensated absences	<u>65,550</u>
Total liabilities	<u>2,019,546</u>
Net position	
Investment in capital assets	171,682
Unrestricted, deficit	<u>(56,535)</u>
Total net position	<u><u>\$ 115,147</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Statement of Activities

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Regional transit program	<u>\$ 6,823,967</u>	<u>\$ 160,906</u>	<u>\$ 6,365,577</u>	\$ (297,484)
General revenues				
Other revenue				<u>64,040</u>
Change in net position				(233,444)
Net position, beginning of year as previously reported				351,177
Change in accounting principle (GASB 101)				<u>(2,586)</u>
Net position, beginning of year as adjusted				<u>348,591</u>
Net position, end of year				<u>\$ 115,147</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Balance Sheet

Governmental Fund
September 30, 2024

Assets

Cash and cash equivalents	\$ 482,855
Restricted cash and cash equivalents	55,758
Accounts and grants receivable	1,412,855
Prepays	11,543

Total assets

\$ 1,963,011

Liabilities

Accounts payable	\$ 1,764,169
Accrued payroll and related liabilities	52,708
Refundable advances	81,361
Unearned revenue	55,758

Total liabilities

1,953,996

Fund balance

Nonspendable	11,543
Unassigned	<u>(2,528)</u>

Total fund balance

9,015

Total liabilities and fund balance

\$ 1,963,011

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Reconciliation

Fund Balance for Governmental Fund
to Net Position of Governmental Activities
September 30, 2024

Fund balance - governmental fund	\$ 9,015
Amounts reported for the governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements. Capital assets being amortized, net	171,682
Certain liabilities, such as compensated absences, are not due and payable in the current period, and therefore are not reported in the funds. Compensated absences	<u>(65,550)</u>
Net position of governmental activities	<u><u>\$ 115,147</u></u>

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Statement of Revenues, Expenditures, and Change in Fund Balance

Governmental Fund

For the Year Ended September 30, 2024

Revenues

Grants	\$ 6,365,577
Fare revenue	160,906
Other revenue	64,040

Total revenues

6,590,523

Expenditures

Current:

Salaries and wages and fringe benefits	1,095,806
Services	5,357,561
Materials and supplies	4,790
Utilities	22,887
Insurance	16,120
Travel	42,697
Other expenses	49,459

Total expenditures

6,589,320

Net change in fund balance

1,203

Fund balance, beginning of year

7,812

Fund balance, end of year

\$ 9,015

The accompanying notes are an integral part of these financial statements.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2024

Net change in fund balance - governmental fund \$ 1,203

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense.

Amortization (171,683)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in the accrual for compensated absences (62,964)

Change in net position of governmental activities \$ (233,444)

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

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REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 a 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, liabilities, net position, revenue, and expenses.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

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:

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period and within 12 months for grants from governmental agencies. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

Assets, Liabilities and Equity

Cash and Investments

Cash consists of RTA's checking and savings accounts.

In accordance with Michigan Compiled Laws, RTA 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 21.145 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.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds registered under the Investment Company Act of 1940 with RTA to purchase only investment vehicles, which are legal for direct investment by local units of government in Michigan.

Receivables and Unearned Revenue

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are shown as unearned revenue.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

Capital Assets

Capital assets are recorded (net of accumulated depreciation/amortization, if applicable) and are those assets with an initial individual cost of \$2,500 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 valued at their estimated acquisition value on the date received.

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 of RTA are amortized using the straight-line method over the shorter of the subscription period or estimated useful life. Depreciation and amortization are computed using the straight-line method over a useful life of 2 to 10 years.

Concentration of Credit Risk

During the year ended September 30, 2024, RTA utilized two vendors for total purchases of \$3,382,634, or 59% of total purchases. The total amount due to these vendors was \$1,081,011 at September 30, 2024.

Subscription-Based Information Technology Arrangements (SBITA)

RTA has noncancellable subscription-based information technology arrangements. RTA recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. RTA recognizes subscription liabilities with an initial, annual value of \$10,000 or more.

At the commencement of a subscription, RTA initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. RTA advanced paid all current SBITAs so therefore there is no liability recorded. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how RTA determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. RTA uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, RTA generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that RTA is reasonably certain to exercise.

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

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

Compensated Absences

RTA recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements.

A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

Paid time off is earned in varying amounts depending on the number of years of service of an employee and is made available on the anniversary date of the employee. The liability for compensated absences includes salary-related benefits, where applicable.

Upon termination, an employee receives payment for the balance of unused paid time off, which is credited to an employee each pay period.

Fund Balance Classification

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.

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.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Change in Accounting Principle

RTA implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* on October 1, 2023. The standard institutes a unified model for the recognition and measurement of compensated absences. The impact to the RTA's net position as of October 1, 2023 as the result of implementation of the standard was a decrease of \$2,586.

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law. 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, 2024, RTA incurred expenditures in excess of the amounts budgeted as follows:

	Final Budget	Actual	Over Budget
General Fund			
Utilities	\$ 8,230	\$ 22,887	\$ 14,657
Insurance	14,850	16,120	1,270

Revenue was sufficient to cover the excess expenditures.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

3. CASH AND CASH EQUIVALENTS

The following summarizes the categorization of cash and cash equivalents as of September 30, 2024:

Statement of net position

Cash and cash equivalents	\$ 482,855
Restricted cash	55,758
	<u>\$ 538,613</u>

Deposits

Bank deposits:	
Checking and savings accounts	\$ 538,613

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, RTA's deposits might not be returned. As of September 30, 2024, \$247,668 of RTA's bank balance of \$583,613 was exposed to custodial credit risk because it was uninsured and uncollateralized.

4. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, being amortized:				
Subscription assets	\$ 343,365	\$ -	\$ -	\$ 343,365
Less accumulated amortization for:				
Subscription assets	-	(171,683)	-	(171,683)
Capital assets, net	<u>\$ 343,365</u>	<u>\$ (171,683)</u>	<u>\$ -</u>	<u>\$ 171,682</u>

5. COMPENSATED ABSENCES

The following is a summary of changes in compensated absences of RTA for the year ended September 30, 2024:

	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Compensated absences	\$ 2,586	\$ 62,964	\$ 65,550	\$ 65,550

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

6. RETIREMENT PLAN

RTA provides retirement benefits for all employees through a 401(a) plan, which was established by the Board and may be amended from time to time by the Board.

The employer is required to contribute 7 - 10% of all covered payroll, which was \$84,258 in the current year. The employer met the required contribution to the plan for the year. Covered payroll was \$808,759, and total accrued contributions payable at year end were \$26,627.

7. RISK MANAGEMENT

RTA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which they carry commercial insurance. RTA has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three years.

8. ECONOMIC DEPENDENCY

RTA receives substantially all of its support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, could have an effect on RTA's activities.

9. 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 was appointed RTA's Program Manager, while employed at WSP through January 1, 2024. Related to the services provided during the first quarter of fiscal year 2024, RTA paid total fees of \$103,799 to WSP. In January 2024, the supervising planner was hired directly by RTA and terminated employment with WSP.

10. REPORTING UNITS AFFECTED BY ADJUSTMENTS TO BEGINNING BALANCES

RTA implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* on October 1, 2023. As a result of this implementation, beginning net position was restated by \$2,586.

	Government- Wide
	Governmental Activities
September 30, 2023, as previously reported	\$ 351,177
Change in accounting principle (GASB 101)	<u>(2,586)</u>
September 30, 2023, as adjusted	<u>\$ 348,591</u>

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Financial Statements

10. SUBSEQUENT EVENT

On October 1, 2024, RTA executed a purchase agreement with M-1 RAIL, M-2 RAIL (Michigan nonprofit corporations), M-3 RAIL, LLC and M-1 RAIL Towing, LLC (Michigan limited liability companies) to acquire all assets related to the operation of the Street Railway System in the City of Detroit, commonly referred to as the QLINE.

This transfer included capital assets with a net book value of over \$105 million and receivables of over \$7 million.

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REQUIRED SUPPLEMENTARY INFORMATION

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REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Grants	\$ 7,361,947	\$ 7,361,947	\$ 6,365,577	\$ (996,370)
Fare revenue	160,906	160,906	160,906	-
Other revenue	-	-	64,040	64,040
Total revenues	<u>7,522,853</u>	<u>7,522,853</u>	<u>6,590,523</u>	<u>(932,330)</u>
Expenditures				
Current:				
Salaries and wages and fringe benefits	1,503,443	1,503,443	1,095,806	(407,637)
Services	5,858,088	5,858,088	5,357,561	(500,527)
Materials and supplies	42,055	42,055	4,790	(37,265)
Utilities	8,230	8,230	22,887	14,657
Insurance	14,850	14,850	16,120	1,270
Travel	45,405	45,405	42,697	(2,708)
Other expenses	50,657	50,657	49,459	(1,198)
Total expenditures	<u>7,522,728</u>	<u>7,522,728</u>	<u>6,589,320</u>	<u>(933,408)</u>
Net change in fund balance	125	125	1,203	1,078
Fund balance, beginning of year	<u>7,812</u>	<u>7,812</u>	<u>7,812</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,937</u>	<u>\$ 7,937</u>	<u>\$ 9,015</u>	<u>\$ 1,078</u>

SINGLE AUDIT ACT COMPLIANCE

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REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Agency / Cluster /Program Title	Assistance Listing Number	Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Transportation				
Direct -				
Federal Transit Cluster:				
COVID-19 Federal Transit - Formula Grants - ARPA 5307	20.507	MI-2022-005-01	\$ 2,094,503	\$ -
COVID-19 Federal Transit - Formula Grants - ARPA 5307	20.507	MI-2022-005-02	559,219	559,219
Federal Transit - Formula Grants - D2A2 Express w. CMAQ	20.507	MI-2021-036-01	853,882	853,882
Federal Transit - Formula Grants - D2A2 Express w. CMAQ	20.507	MI-2021-036-02	482,759	-
Federal Transit - Formula Grants - DAX	20.507	MI-2024-002-01	836,396	-
Total Federal Transit Cluster			<u>4,826,759</u>	<u>1,413,101</u>
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals w. Disabilities	20.513	MI-2017-031-02	62,519	62,519
Enhanced Mobility of Seniors and Individuals w. Disabilities	20.513	MI-2024-009-01	207,240	207,240
Enhanced Mobility of Seniors and Individuals w. Disabilities	20.513	MI-2024-009-02	32,154	-
Enhanced Mobility of Seniors and Individuals w. Disabilities	20.513	MI-2024-009-03	1,340	-
Total Transit Services Program Cluster			<u>303,253</u>	<u>269,759</u>
Total Expenditures of Federal Awards			<u>\$ 5,130,012</u>	<u>\$ 1,682,860</u>

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REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. 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.

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.

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.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, RTA has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the
Regional Transit Authority of Southeast Michigan
Detroit, Michigan

We have audited, in accordance with the 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 the major fund of the Regional Transit Authority of Southeast Michigan (the Authority), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 14, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 the entity'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 the limitations, during the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 14, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of the
Regional Transit Authority of Southeast Michigan
Detroit, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Regional Transit Authority of Southeast Michigan's (the Authority) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2024. The Authority'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, the Regional Transit Authority of Southeast Michigan 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, 2024.

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; 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 the Authority 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 the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 the Authority'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 express an opinion on the Authority'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 generally accepted auditing standards, *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 the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority'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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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.

March 14, 2025

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**REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.500, 20.507, 20.525, 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2024**

FINDINGS/COMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with the Uniform Guidance.

No prior audit findings noted.

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BOARD OF DIRECTORS MEMORANDUM

TO: RTA Board of Directors

FROM: Julia Roberts, Planning & Innovation Director

SUBJECT: RTA Providers’ Fiscal Year 2026 State Applications

DATE: March 20, 2025

REQUESTED ACTION: Board of Directors Approval

Approval Request:

Motion to approve the RTA Providers’ Fiscal Year (FY) 2026 Michigan Department of Transportation (MDOT) State Applications.

Background Information:

MDOT provides state operating assistance to transit providers throughout the state annually under the Local Bus Operating (LBO) program. LBO is housed within MDOT’s Comprehensive Transportation Fund (CTF) and the amount of funding that is apportioned to LBO within the CTF is subject to annual budget appropriations. For Fiscal Year 2026, the Governor’s Budget proposes \$226 million to LBO statewide, which is \$20 million less than the amount in the final FY 2025 Budget. That additional funding was supported by one-time ARPA funds. MDOT instructed all urban providers to use 26% as the overall reimbursement rate. This is likely not the final LBO appropriation amount and will be updated accordingly. The bulk of the funding in the LBO program is for Urban Operating Assistance.

Table 1.0 shows the relationship between the amount of submitted eligible expenses and the 26% reimbursement rate for Fiscal Year 2026.

Table 1.0: Eligible Expenses and LBO Reimbursement by Provider (FY 2026) (millions \$)

Provider	Eligible Expenses	Estimated LBO (26%)
AAATA	\$ 65.8	\$ 17.1
DDOT	\$180.3	\$ 46.9
DTC	\$ 16.9	\$ 4.4
RTA	\$ 22.5	\$ 5.9
SMART	\$139.8	\$ 36.3
	\$425.3	\$110.6

State operating requests do include small amounts of funding for other small providers through Specialized Services and other programs. These amounts are a continuation of



existing pass-through agreements with small providers and non-profits in each provider’s service area. Table 2.0 shows the relationship between the amount of budgeted expenses and the 29.1% reimbursement rate in Fiscal Year 2025.

The comparison of the two tables show that overall expenses in the region have increased by 2% while LBO is reduced by 8%. This reduces the amount of LBO available to the region by \$10 million in real dollars and \$13 million if the state matched last year’s reimbursement rate.

Table 2.0: Eligible Expenses and LBO Reimbursement by Provider (FY 2025) (millions \$)

Provider	Budgeted Expenses	LBO (29.1%)
AAATA	\$ 62.4	\$ 18.1
DDOT	\$158.9	\$ 46.3
DTC	\$ 14.5	\$ 4.2
RTA	\$ 19.4	\$ 5.6
SMART	\$160.5	\$ 46.7
	\$415.9	\$ 121.2

MDOT provides matching funds to support capital projects funded by the standard federal formula programs (e.g. 5307, 5339, 5337, and 5310). The attachments show the amounts requested by providers and the funding sources that they anticipate receiving. The applications included herein are in anticipation of federal Fiscal Year 2026 funding. The FTA does not generally release the actual amounts available in the formula programs until February/March of the given fiscal year (e.g. February/March 2025 for Fiscal Year 2025), and federal applications for those funds are not generally due to the FTA until June of that fiscal year (e.g. June 2025 for Fiscal Year 2025).

Given the appropriations funding timeline, it is important to emphasize that these amounts are funding placeholders for MDOT’s budgeting purposes. Actual projects will be included in the federal applications, subject to RTA Board review and approval in April/May 2026. Note that the FY2025 requests will be brought to the Board in April/May this year.

Attachment: RTA Providers’ FY 2026 MDOT State Application Capital Requests.

**Ann Arbor Area Transportation Authority
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
2026	SEC 5307							
Requested:1	Equipment	Desc:Bus components Justn:Bus Components	\$557,071	\$139,268	\$0	\$696,339	REPLACE	REQUESTED
Requested:1	Facility	Desc:Facilities - General Justn:Facilities-General	\$1,648,000	\$412,000	\$0	\$2,060,000	REPLACE	REQUESTED
Requested:1	Equipment	Desc:Office equipment and furnishings Justn:Office equipment and furnishings	\$32,960	\$8,240	\$0	\$41,200	REPLACE	REQUESTED
Requested:1	Equipment	Desc:IT hardware and software - SGR Justn:IT Hardware and Software -SGR	\$164,800	\$41,200	\$0	\$206,000	REPLACE	REQUESTED
Requested:1	Equipment	Desc:Maintenance tools & equipment Justn:Maintenance Tools & Equipment	\$59,510	\$14,877	\$0	\$74,387	REPLACE	REQUESTED
Requested:1	Equipment	Desc:IT upgrades Justn:IT upgrades	\$4,178,754	\$1,044,688	\$0	\$5,223,442	REPLACE	REQUESTED
Requested:1	Facility	Desc:Bus lane improvement & other transit priorities Justn:Bus Lane Improvement & Other transit priorities	\$824,000	\$206,000	\$0	\$1,030,000	REPLACE	REQUESTED
Requested:1	Facility	Desc:Facilities - Planning, NEPA & design Justn:Facilities - Planning, NEPA & Design	\$295,403	\$73,851	\$0	\$369,254	EXPAND	REQUESTED

**Ann Arbor Area Transportation Authority
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Requested:1	Facility	Desc:Bus maintenance & storage facility Justn:Land - Bus Maintenance & Storage facility	\$1,236,000	\$309,000	\$0	\$1,545,000	EXPAND	REQUESTED
Requested:1	Facility	Desc:Bus Rapid Transit - Planning, NEPA & design Justn:Bus Rapid Transit - Planning, NEPA & Design	\$412,000	\$103,000	\$0	\$515,000	EXPAND	REQUESTED
Requested:1	Equipment	Desc:Customer experience technology Justn:Customer experience technology	\$82,400	\$20,600	\$0	\$103,000	EXPAND	REQUESTED
Requested:1	Equipment	Desc:First and last mile solution Justn:First and last mile solution	\$65,920	\$16,480	\$0	\$82,400	EXPAND	REQUESTED
Requested:1	Equipment	Desc:Operational innovations Justn:Operational Innovations	\$288,400	\$72,100	\$0	\$360,500	EXPAND	REQUESTED
Requested:1	Planning	Desc:R&D Justn:R&D	\$20,000	\$5,000	\$0	\$25,000		REQUESTED
Requested:1	Facility	Desc:Facilities - LED lighting Justn:Facilities - LED lighting	\$262,346	\$65,586	\$0	\$327,932	REPLACE	REQUESTED
Requested:1	Facility	Desc:Facilities - High speed garage doors Justn:Facilities - High speed garage doors	\$103,000	\$25,750	\$0	\$128,750	REPLACE	REQUESTED

**Ann Arbor Area Transportation Authority
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Requested:1	Facility	Desc:Facilities - BTC Construction Justn:Facilities - BTC Construction	\$816,502	\$204,125	\$0	\$1,020,627	EXPAND	REQUESTED
Requested:1	Facility	Desc:Transit Hubs Justn:Transit Hubs	\$412,000	\$103,000	\$0	\$515,000	EXPAND	REQUESTED
Eligible/Pending:1 Requested:1	Vehicle	Desc:(Small/Medium Buses) Justn:Small/Medium Buses	\$576,800	\$144,200	\$0	\$721,000	REPLACE	REQUESTED
Requested:1	Equipment	Desc:Non-Revenue Vehicles Justn:Non-Revenue Vehicles	\$191,992	\$47,998	\$0	\$239,990	REPLACE	REQUESTED
Requested:1	Equipment	Desc:Non-Revenue Vehicles Justn:Non-Revenue Vehicles	\$57,200	\$14,300	\$0	\$71,500	EXPAND	REQUESTED
Sub Total By Program Type			\$12,285,058	\$3,071,263	\$0	\$15,356,321		
2026 STBG(STP)								
Requested:1	Facility	Desc:Rider amenities and accessibility - WATS Justn:Rider amenities and accessibility -WATS	\$310,648	\$77,662	\$0	\$388,310	REPLACE	REQUESTED

**Ann Arbor Area Transportation Authority
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Sub Total By Program Type			\$310,648	\$77,662	\$0	\$388,310		
2026	OTHER							
Requested:1	Facility	Desc:Facilities - YTC Construction EARMARK Justn:Facilities - YTC Construction	\$5,304,500	\$0	\$0	\$5,304,500	EXPAND	REQUESTED
Requested:1	Facility	Desc:Facilities - YTC Planning, NEPA & design EARMARK Justn:Facilities - YTC Planning, NEPA & design	\$970,549	\$242,637	\$0	\$1,213,186	REPLACE	REQUESTED
Sub Total By Program Type			\$6,275,049	\$242,637	\$0	\$6,517,686		
2026	SEC 5339 - Bus and Bus Facilities							
Requested:1	Facility	Desc:Facilities - Zero emission vehicle infrastructure Justn:Facilities - Zero emission vehicle infrastructure	\$2,992,768	\$748,192	\$0	\$3,740,960	REPLACE	REQUESTED
Requested:1	Facility	Desc:Facilities - Zero emission vehicle WFD Justn:Facilities - Zero emission vehicle WFD	\$203,400	\$50,850	\$0	\$254,250	REPLACE	REQUESTED
Requested:1	Facility	Desc:Facilities - Zero emission vehicle project management Justn:Facilities - Zero emission vehicle project management	\$384,334	\$96,084	\$0	\$480,418	REPLACE	REQUESTED
Eligible/Pending:1 Requested:1	Vehicle	Desc:(8 Large Buses - Hybrid & hydrogen) Justn:8 Large Buses - Hybrid & hydrogen	\$10,464,096	\$2,616,024	\$0	\$13,080,120	REPLACE	REQUESTED
Sub Total By Program Type			\$14,044,598	\$3,511,150	\$0	\$17,555,748		

**Ann Arbor Area Transportation Authority
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Sub Total By Request Year			\$32,915,353	\$6,902,712	\$0	\$39,818,065		

**Detroit Department of Transportation
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
2026	SEC 5307							
Requested:0	Vehicle	Desc:Rehab buses Justn:Rehab buses	\$2,400,000	\$600,000	\$0	\$3,000,000	REHAB5YR	PRE-REQUESTED
Requested:0	Facility	Desc:Funds utilized to for rehabilitation of Rosa Parks facility. Justn:Bus terminal facility improvements	\$400,000	\$100,000	\$0	\$500,000	REPLACE	PRE-REQUESTED
Requested:0	Facility	Desc:Bus shelter replacement utilizing these funds . Justn:Bus shelter purchase	\$1,600,000	\$400,000	\$0	\$2,000,000	REPLACE	PRE-REQUESTED
Requested:0	Equipment	Desc:Security equipment for facilities. Justn:Security Eupment purchase for facility camera tech.	\$2,000,000	\$500,000	\$0	\$2,500,000	EXPAND	PRE-REQUESTED
Requested:0	Vehicle	Desc:Preventative maintenance for buses. Justn:Preventative maintenance of buses and facilities.	\$14,400,000	\$3,600,000	\$0	\$18,000,000	REHAB5YR	PRE-REQUESTED
Requested:0	Planning	Desc:Planning studies to be conducted utilizing these funds. Justn:Planning Studies funds	\$960,000	\$240,000	\$0	\$1,200,000		PRE-REQUESTED
Requested:0	Planning	Desc:Training funds for maintenance techs training. Justn:Training funds for maintenance techs	\$20,000	\$5,000	\$0	\$25,000		PRE-REQUESTED
Sub Total By Program Type			\$21,780,000	\$5,445,000	\$0	\$27,225,000		
2026	SEC 5310							

**Detroit Department of Transportation
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Requested:0	Equipment	Priority: Desc:Communications equipment needed for dispatchers to have real time communication with drivers. Justn:Communications equipment needed for dispatchers to have real time communication with drivers.	\$640,000	\$160,000	\$0	\$800,000	EXPAND	PRE-REQUESTED
Requested:0	Mobility Mgt	Priority: Desc:Mobility Management for same day paratransit services. Justn:Mobility Management for same day paratransit services.	\$960,000	\$240,000	\$0	\$1,200,000	EXPAND	PRE-REQUESTED
Sub Total By Program Type			\$1,600,000	\$400,000	\$0	\$2,000,000		
Sub Total By Request Year			\$23,380,000	\$5,845,000	\$0	\$29,225,000		

**Detroit Transportation Corporation
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
2026		SEC 5307						
Requested:1	Facility	Desc:This Section 5307 request is to assist in maintaining the DPM system in a state of good repair. Justn:This Section 5307 request is to assist in maintaining the DPM system in a state of good repair.	\$528,402	\$132,100	\$0	\$660,502	REPLACE	REQUESTED
Sub Total By Program Type			\$528,402	\$132,100	\$0	\$660,502		
2026		SEC 5337 - State of Good Repair						
Requested:1	Facility	Desc:This Section 5337 request is to assist in maintaining the DPM system in a state of good repair. Justn:This Section 5337 request is to assist in maintaining the DPM system in a state of good repair.	\$1,422,791	\$355,698	\$0	\$1,778,489	REPLACE	REQUESTED
Sub Total By Program Type			\$1,422,791	\$355,698	\$0	\$1,778,489		
Sub Total By Request Year			\$1,951,193	\$487,798	\$0	\$2,438,991		
Grand Total			\$1,951,193	\$487,798	\$0	\$2,438,991		

SMART
Capital Requests For FY 2026

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
2026	SEC 5307							
Requested:0	Equipment	Desc:Preventative Maintenance Justn:Continuation of SMART's Preventative Maintenance Program JN#: 214431	\$8,000,000	\$2,000,000	\$0	\$10,000,000	EXPAND	REQUESTED
Eligible/Pending:15 Requested:15	Vehicle	Desc:(23' Light Duty Cutaway with Life) Justn:Bus Replacement -- Connector Vehicle #'s: 39001, 39002, 39003, 39004, 39005, 39006, 39007, 39008, 39009, 39010, 39011, 39012, 39013, 39014, 39015 JN#: 214431	\$2,059,752	\$514,938	\$0	\$2,574,690	REPLACE	REQUESTED
Eligible/Pending:3 Requested:3	Vehicle	Desc:(Bus Replacement -Fixed Route) Justn:Bus Replacement -- 40 ft' Vehicle #'s: 3009, 3010 & 3020 JN#: 214431	\$630,814	\$157,703	\$0	\$788,517	REPLACE	REQUESTED
Eligible/Pending:1 Requested:1	Vehicle	Desc:(Bus Replacement) Justn:Bus Replacement -- Set Aside Leading into Big Replacement Years Vehicle #'s: to be determined JN#: 214431	\$8,000,000	\$2,000,000	\$0	\$10,000,000	REPLACE	REQUESTED
Requested:0	Equipment	Desc:Information Technology Justn:Physical Monitoring System- Hardware, Software & Consultant JN#: 214431	\$320,000	\$80,000	\$0	\$400,000	REPLACE	REQUESTED

**SMART
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Requested:0	Planning	Desc:Project Administration- Information Technology, Bus Replacement & Facility Projects Justn:Project Administration JN#: 214431	\$128,464	\$32,116	\$0	\$160,580		REQUESTED
Requested:0	Facility	Desc:Paratransit Operations Garage; Gasoline Tank Expansion & Zero Emissions Fuel Infrastructure Justn:Facility Renovation JN: 214431	\$9,624,524	\$2,406,131	\$0	\$12,030,655	EXPAND	REQUESTED
Sub Total By Program Type			\$28,763,554	\$7,190,888	\$0	\$35,954,442		
2026		CMAQ						
Eligible/Pending:7 Requested:7	Vehicle	Desc:(23' Light Duty Cutaway with Lift) Justn:Bus Replacement -- Connector Vehicle #'s: 39001, 39002, 39003, 39004, 39005, 39006, 39007, 39008, 39009, 39010 JN#: 215294	\$940,246	\$235,061	\$0	\$1,175,307	REPLACE	REQUESTED
Eligible/Pending:2 Requested:2	Vehicle	Desc:(40' Heavy Duty with Ramp) Justn:Bus Replacement -- Fixed Route Vehicle #'s: 3019, 3020 *Both vehicles are included in 5307 bus replacement line. Delete both vehicles from 5307 if CMAQ is approved by SEMCOG JN#: 215294	\$1,037,888	\$259,472	\$0	\$1,297,360	REPLACE	REQUESTED
Sub Total By Program Type			\$1,978,134	\$494,533	\$0	\$2,472,667		
2026		SEC 5310						

**SMART
Capital Requests For FY 2026**

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Eligible/Pending:16 Requested:16	Vehicle	Priority: Desc:(Paratransit Vehicles) Justn:Replacement/Expansion Paratransit Vehicles Vehicle #'s Pending JN# Pending	\$1,292,198	\$323,050	\$0	\$1,615,248	REPLACE	REQUESTED
Requested:0	Mobility Mgt	Priority: Desc:Mobility Management Justn:Community New Freedom Other MM JN# Pending	\$458,900	\$114,725	\$0	\$573,625	REPLACE	REQUESTED
Eligible/Pending:4 Requested:4	Vehicle	Priority: Desc:(Full Size Vans) Justn:Replacement Vehicles- MCOP Vehicle #39130,39131,39132,39133-eligible based on age JN#218351- carry over from FY 2024	\$400,000	\$100,000	\$0	\$500,000	REPLACE	REQUESTED
Eligible/Pending:5 Requested:5	Vehicle	Priority: Desc:(Full Size Van) Justn:Replacement Vans- Bedford Vehicles #39139,39140,39141,39142,39143--eligible based on age JN#218351- carry over from FY 2024	\$500,000	\$125,000	\$0	\$625,000	REPLACE	REQUESTED
Sub Total By Program Type			\$2,651,098	\$662,775	\$0	\$3,313,873		
2026		OTHER						
Eligible/Pending:1 Requested:1	Vehicle	Desc:(40' Electric Bus with Ramp) Justn:Electric Bus Replacement Vehicle: 3019 JN# 220302 CRU -- Carbon Reduction Program	\$960,000	\$240,000	\$0	\$1,200,000	REPLACE	REQUESTED
Sub Total By Program Type			\$960,000	\$240,000	\$0	\$1,200,000		

SMART
Capital Requests For FY 2026

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
2026		SEC 5310-NF						
Eligible/Pending:2 Requested:2	Vehicle	Desc:(Small Light Duty Van) Justn:Replacement Vans for NOTA- 41002 & 38006 eligible based on age. No JobNet #	\$200,000	\$50,000	\$0	\$250,000	REPLACE	REQUESTED
Eligible/Pending:1 Requested:1	Vehicle	Desc:(32-Ft Bus) Justn:NOTA Replace age eligible bus 38007 No JobNet #	\$200,000	\$50,000	\$0	\$250,000	REPLACE	REQUESTED
Eligible/Pending:1 Requested:1	Vehicle	Desc:(Small Duty Van) Justn:WOTA replace age eligible vehicle 39153 No JonNet #	\$100,000	\$25,000	\$0	\$125,000	REPLACE	REQUESTED
Eligible/Pending:1 Requested:1	Vehicle	Desc:(23-Ft Bus) Justn:WOTA replace age eligible vehicle 38037 No JobNet #	\$132,000	\$33,000	\$0	\$165,000	REPLACE	REQUESTED
Eligible/Pending:1 Requested:1	Vehicle	Desc:(32-Ft Bus) Justn:WOTA replace age eligible 38018- No JobNet #	\$200,000	\$50,000	\$0	\$250,000	REPLACE	REQUESTED
Sub Total By Program Type			\$832,000	\$208,000	\$0	\$1,040,000		
2026		SEC 5339 - Bus and Bus Facilities						
Eligible/Pending:6 Requested:6	Vehicle	Desc:(Fixed Route Bus Replacement) Justn:40' Fixed Route Bus Replacement Vehicle #'s 3011-3016 JN#: 214432	\$2,411,299	\$602,825	\$0	\$3,014,124	REPLACE	REQUESTED
Sub Total By Program Type			\$2,411,299	\$602,825	\$0	\$3,014,124		

SMART
Capital Requests For FY 2026

Req. Yr	Program	Item Description/Justification	Federal Amount	State Amount	Local Amount	Total Amount	Action	Status
Sub Total By Request Year			\$37,596,085	\$9,399,021	\$0	\$46,995,106		

BOARD OF DIRECTORS MEMORANDUM

TO: RTA Board of Directors

FROM: Melanie Piana, Program Director

SUBJECT: RTA 2025 Legislative Report & Legislative Priorities

DATE: March 20, 2025

REQUESTED ACTION: Board of Directors Approval

Approval Request:

This memorandum requests Board approval and adoption of two strategic policy documents: the RTA's FY 2025 Legislative Report and the Board of Directors 2025 Legislative Policy Priorities.

Background Information:

RTA's board and team continue working with elected officials and stakeholders to identify key legislative developments and potential implications for the agency's sustainable operations and for improving the regional transit ecosystem. Together, the annual Legislative Report and Policy Priorities documents support RTA's strategic goals of building up its policy program to expand the role of regional transit, reflecting on a year of change and growth.

2025 Legislative Report: The RTA is required by its founding legislation, PA 387 2012, to submit a report to the House of Representatives and Senate appropriations subcommittees on transportation and the House of Representatives and Senate committees on transportation on March 31 of each year. The report provides the Legislature with an annual update on the RTA's performance and business value, including planning, funding, coordinating transit services, operational budget, ridership growth stats, populations served, and program delivery impacts across the four-county area. RTA delivers the report via email with support from our government relations firm, Midwest Strategies.

by showcasing results and impacts from RTA's services and initiatives and providing a clear set of policy recommendations.

2025 Legislative Policy Priorities: The Board of Directors Legislative Policy Priorities is a framework and tool that provides a clear set of policy recommendations, leveraging the agency's expertise, data, and experience to inform and influence positive momentum forward advancing investment in our region's transit system. These policy priorities enable the executive administrative leadership team to advocate with and on behalf of the board's strategic direction.

Michigan's legislative landscape remains dynamic, with several key policies and funding decisions posed to impact statewide and regional transit. The board's 2025 Policy Priorities remain focused on advocating for long-term sustainable funding and reflecting new guiding principles centered on the following:

- Reshape state funding pathways to increase transit investment.
- Investment in road infrastructure is an investment in transit infrastructure.
- Help people lead independent lives through accessible transit.
- Strengthen alignment across intersecting policies: land use, housing, workforce, economic development, and healthcare.

The guiding principles allow the agency to respond with agility and adapt new policy positions throughout the year as emerging legislation is introduced and elected official leadership transitions. In addition, the guiding principles enable the team to identify and align more closely on a clear, cohesive set of priorities that build support among partners and lead to long-term coalition building, which is the key to advancing investment in regional transit.

Attachments: RTA FY 2025 Legislative Report & 2025 Legislative Priorities



Regional Transit Authority
Of Southeast Michigan

ANNUAL LEGISLATIVE REPORT

MARCH 2025

RTAmichigan.org

1001 Woodward Avenue
Detroit, MI 48226



MESSAGE FROM THE EXECUTIVE DIRECTOR



Dear Honorable Members of the Legislature,

I am pleased to once again submit this annual legislative report on behalf of the Regional Transit Authority of Southeast Michigan (RTA), fulfilling the requirements set out in our founding legislation. This report reflects on a year of change and growth that has thrust our regional transit system again center-stage in discussions of job access and talent attraction.

As the Legislature knows, the RTA plays a crucial and expanding role in orchestrating a complex network of transit services in Southeast Michigan. On the note of expansion, the RTA took ownership of the QLINE from the M-1 RAIL nonprofit in 2024, opening opportunities for collaboration and federal investment. Our region also had the privilege to host the NFL Draft, and that weekend, our transit system banded together to provide more than 100,000 trips to, from, and around downtown—enabling locals and tourists to access the event. We continue to build regional connections that recognize travel patterns and connect people across jurisdictional boundaries.

In 2025, the RTA will continue to support state goals—from job creation to infrastructure improvement—and build partnerships across industries. Based on the ridership growth of last year, it is clear that transit continues to connect people to opportunity, enhance the attractiveness of our state to job-seekers, and strengthen community-building by supporting aging adults and people with disabilities.

We have achieved success by securing one-time federal funding and directing those investments to key regional projects and programs. This makes our success an encouraging example of how a regional coordinating agency can make change. However, that change will be short-lived unless we secure additional sustainable funding sources for transit.

Inside this report is a recap of the RTA's role in the previous year and supporting documentation. You'll also discover the RTA's new brand, with revamped mission and vision statements that reflect our evolving regional responsibilities. I encourage you to reach out with comments or collaborative ideas on how transit can support our region and state. To echo our new tagline, I invite you to **Get On Board**.

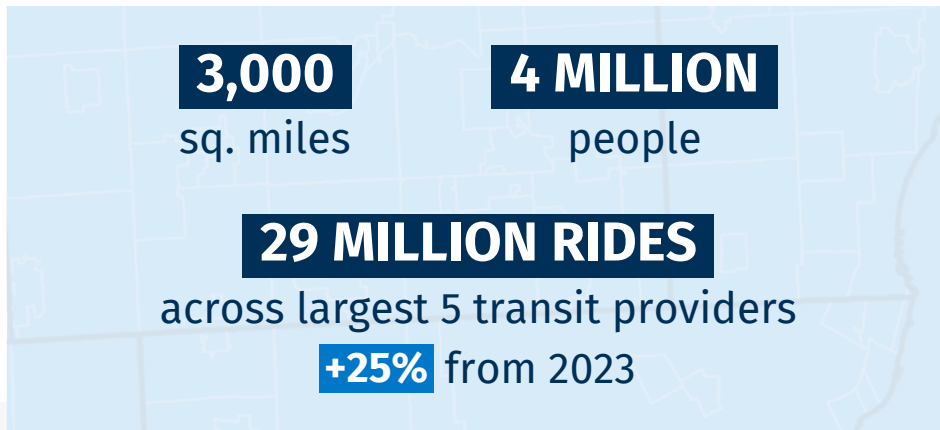
Sincerely,

Ben Stupka
Executive Director

ABOUT RTA

The RTA partners with transit providers, communities, companies, and citizens to create a vision for public transit—what it can be, what it can do, and what we can achieve with it—and bring that vision to life. By exploring new strategies for improving transit coverage and service, securing and overseeing funding, and increasing accessibility to transit offerings, the RTA plays a crucial role in unleashing our region’s boundless potential.

The state Legislature established the RTA through PA387 in 2012. The agency’s core responsibilities are managing all state and federal transit funding for the region, coordinating with all regional transit providers, and delivering the Regional Transit Master Plan. The RTA operates the QLINE streetcar in Detroit.



MISSION

Creating new and better ways to move and connect people.

VISION

A Southeast Michigan where advances in transit create greater prosperity for all.

VALUES

Creativity: Bringing innovative thinking to enhance the transit experience.

Empathy: Understanding how we can help improve lives across the region.

Opportunity: Leading the way to the future of transit in Southeast Michigan.

RTA Board of Directors

Our 10-member board is appointed for three-year terms by the Wayne, Oakland, and Macomb County executives, the chair of the Washtenaw County Board of Commissioners, the Mayor of Detroit, and the Governor of Michigan. The Governor’s appointee serves as a non-voting chair.



Dave Massaron
Chair
Governor Appointed



Jon Moore
Macomb County



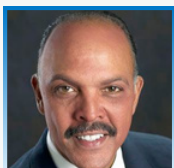
Don Morandini
Macomb County



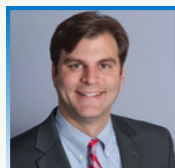
Jeannette Bradshaw
Oakland County



Helaine Zack
Oakland County



Freman Hendrix
City of Detroit



Ned Staebler
Washtenaw County



Alma Wheeler Smith
Washtenaw County



June Lee
Wayne County



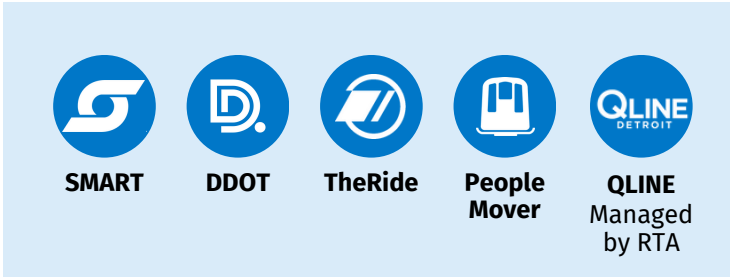
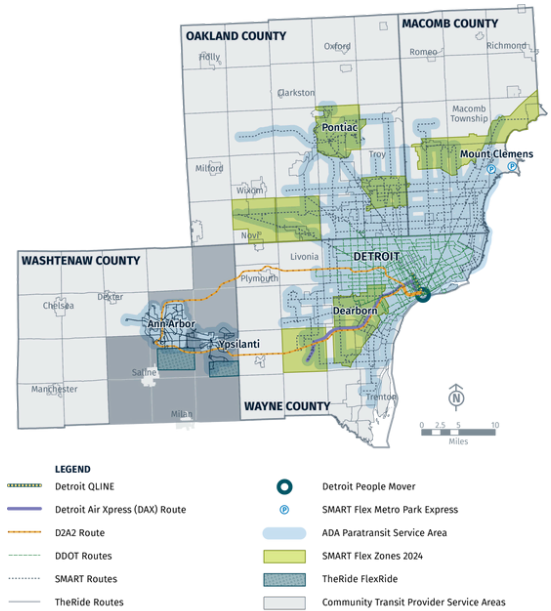
Dr. Erica Robertson
Wayne County

OUR REGION

Southeast Michigan has a large public transit network covering an expansive geographic footprint. The state's most populous and economically productive region offers various transit services, from small vans to express buses to rail. Transit service is critical in connecting people across the region to education, jobs, healthcare, and cultural hubs.

In Metro Detroit, 2.3 million jobs are accessible in a one-hour car trip, compared to 64,000 in a one-hour transit ride. In the four-county area, 58 hospitals provide essential care, yet they struggle to get their employees to work, and many patients struggle to get to the hospital. Despite access to transit challenges, ridership continues to increase post-pandemic levels, with over 29 million rides in 2024.

In collaboration with our transit providers, SMART, Detroit Department of Transportation (DDOT), TheRide, and the People Mover, the RTA has undertaken strategic initiatives to improve service reliability, reduce operational inefficiencies, and elevate coordination.



RTA's Role

Modernizing our mass transit will not happen overnight. The Legislature created the RTA to coordinate, plan, and fund a complex network of transit providers, working together to serve the region's and residents' needs. In addition to its primary responsibility for managing state and federal formula funds for all transit services in the region, the RTA and its provider partners have been entrepreneurial in closing transit gaps and improving service. The RTA has launched successful services like D2A2 and DAX with grant funding and provided stability for the QLINE streetcar. While we continue to innovate, we also need to turn our focus to sustaining success beyond the start-up funding phase.

What We Do



WE'RE TRANSIT SUBJECT MATTER EXPERTS

We're deeply experienced, data-driven, dig into the nuts and bolts, and lead all regional planning.



WE'RE DRIVERS AND DOERS

We generate new ideas, implement them, test them, and assess the results.



WE'RE COMMUNITY CONNECTORS

We bring together citizens, governments, and businesses to solve problems and create opportunities.



The RTA Takes Over the QLINE, Expanding Operations

The RTA completed a transfer of the QLINE from the M-1 RAIL nonprofit in September 2024, bringing the streetcar system and all its assets under the RTA umbrella. The transfer was a full-circle moment, as the RTA’s establishment by the Legislature was critical in unlocking key federal funds required to build the QLINE. With ridership at an all-time high, transitioning the QLINE to RTA management ensures the streetcar remains a public transit option long into the future.

The RTA sees the QLINE as a catalyst for advancing larger discussions about enhancing transit in Southeast Michigan. Ownership of the QLINE creates opportunities for greater connections and collaboration with existing transportation systems.

 **1.1 MILLION
QLINE RIDERS**

+12% IN 2024

The RTA and regional partners have introduced transit pilots and programs that successfully filled service gaps. Growing ridership demonstrates the need for expansion on major routes to downtowns and transportation hubs and overall improvements to the transit ecosystem.



The RTA partners with the Michigan Economic Development Corporation to promote “You Can in Michigan” on six QLINE streetcars for a multi-year period.

OUR IMPACT

Detroit to Ann Arbor Express Bus (D2A2)

The RTA’s ongoing express bus service from Downtown Detroit to Downtown Ann Arbor, D2A2 has a loyal following that gets people safely and comfortably to work, school, and events. D2A2 demonstrates how new transit services attract riders, uncovering pent-up demand for fast direct routes.

“
Since I don’t have a car, D2A2 just saved me a lot of time and money!
– **Dima D.**, 2024 Rider Survey



D2A2

90,700+ RIDERS
IN 2024

+150% RIDERS FROM 2022

+40% RIDERS FROM 2023



Detroit to Airport Express

45,000 RIDERS

MARCH 2024 - MARCH 2025



Detroit to Airport Express

Launched in March 2024 with significant fanfare, the Detroit Air Xpress (DAX), RTA’s newest express bus service, operates between Downtown Detroit and the Detroit Wayne County Metropolitan Airport (DTW). In just over nine months of operation, RTA demonstrated the unmet need for a direct, low-cost, fast option for people to get to the airport.

“
The ride from downtown Detroit to Metro Airport was perfect. The big bus left on time. It arrived on time. The price was right. The vehicle was clean. The driver was courteous to passengers and careful behind the wheel.
– **Joe Lapointe**, *Detroit Metro Times*



Mobility 4 All

Seniors and people with disabilities want to remain self-sufficient and live independently. The Federal Transit Administration (FTA) is a critical funding source that helps pay for planning, designing, and deploying transportation for seniors, older adults, and people with disabilities in Oakland, Macomb, Wayne, and Washtenaw counties.

Transit authorities must consistently support the needs, strategies, and solutions identified in RTA's Mobility 4 All Plan. For the FY2023-2024 cycle, RTA distributed funding through a competitive grant process to 30 community providers totaling \$13.2 million through the 5310 federal program. These funds pay for vehicle replacement, drivers for local dial-a-ride, and other programs that get individuals to health, wellness, and other services. Richmond Lenox Transit, Western Washtenaw Area Value Express (WAVE), Western Oakland Transit Authority (WOTA), Nankin Transit EMS in Wayne County, and the City of Detroit are examples of providers that received grant awards.

30
COMMUNITY PROVIDERS
 Received funding through RTA



MyRide2.com

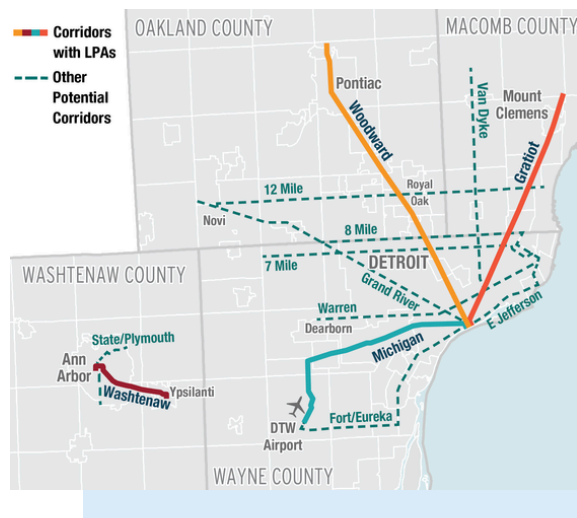
The RTA oversees the MyRide2 program, which helps seniors and adults with disabilities connect to accessible rides using web-based information and call centers. This service is done in partnership with AgeWays, and it is available across the entire region. It served over 5,000 requests in 2024.

Rapid Transit Corridors Framework

RTA leads corridor-based capital planning projects that improve public transit services' speed, reliability, and capacity. RTA's corridor framework identifies a vision for the region's rapid transit network and articulates potential roadway infrastructure, technology, safety, and accessibility improvements along priority regional transit routes. RTA adopted bus rapid transit locally preferred alternatives (LPAs) on Gratiot, Michigan, Washtenaw, and Woodward Avenues.

State and Federal Grant Leadership

In 2024, RTA led multiple collaborative federal grant efforts with MDOT, the Michigan Infrastructure Office, SEMCOG, county leadership, elected officials, and transit providers for engineering and design funding to advance corridor projects forward. State match dollars made it feasible for the region to submit nationally competitive proposals.



WHAT IS REQUIRED TO IMPROVE AND SUSTAIN

The Regional Transit Master Plan (RTMP) is the RTA's technical blueprint for guiding projects and investments that advance transit system improvements. Three priorities guide how the RTA identifies which projects receive funding from current and potential sources to improve existing services, expand transit coverage, innovate resilient projects, and sustain future programs.

RTMP Transit Priorities



Move People



Strengthen Access



Enhance Experience

The RTMP lays out transit projects and possibilities that would be realistic under several funding scenarios. A full list of projects tied to expected cost can be found in the latest [RTMP appendix](#).

Funding Disadvantages Compared to Economically Competitive Regions

In recent years, pandemic relief stimulus packages have allowed the RTA to shore up and innovate our transit system. Because of this closing funding window, the RTA has successfully rolled out pilots and proof-of-concept projects under a lean and efficient operating model. Sustaining this progress is the challenge lying ahead. As ARP funds expire, additional transit investment and dedicated funding sources are needed to maintain competitiveness for investment and talent.

Primary Sources of Funding

Funding for transit service and infrastructure comes from three sources. Each is limited, contributing to long-term instability for all transit providers, including the RTA.



Federal: RTA is the federally designated agency that annually oversees and distributes funding from federal programs to transit providers in Southeast Michigan. Larger transit providers depend on this funding to replace buses, upgrade maintenance facilities, and improve transit stops. Community transit agencies' budgets depend on approximately 50% federal funding to cover essential services such as critical door-to-door, wheelchair-accessible vans and mini-buses with qualified drivers.



State: Local Bus Operating (LBO) reimbursement is the only state funding pathway to cover a portion of transit agencies' operating expenses. However, it is not enough to stabilize core operating expenses or position transit agencies to make longer-term strategic investments to modernize service, technology, and infrastructure. LBO remains consistently underfunded below its full annual legislative ceiling of 50% urban / 60% rural.



Local: Current transit millages (dependent on local property value), contracts with businesses and entities, bus fares, general fund contributions from local governments, and advertisement revenue are examples of local funding options. However, these are insufficient to sustainably pay for transit operations or investments for major infrastructure projects. Southeast Michigan misses out on economic benefits because of insufficient funding sources for transit and the flexibility to scale the system to achieve what people and businesses want.



STRATEGIC PARTNERS ACHIEVING A SHARED VISION

Nearly 90% of people in our region believe transit is a significant benefit. Our residents, business groups, and officials have led the charge in advancing ideas that modernize our transit system and drive economic benefits for our residents and state. The RTA’s Board of Directors has in turn adopted legislative policy principles to guide transit progress in the state:

- Reshape state funding pathways to increase transit investment.
- Investment in road infrastructure is an investment in transit infrastructure.
- Help people lead independent lives through accessible transit.
- Strengthen alignment across intersecting policies: land use, housing, workforce, economic development, and healthcare.

RTA Leadership Ready to Support

Following a promising year for transit advancement in Southeast Michigan, we must capitalize on the momentum by doubling down on the policies, projects, and priorities that have proven successful. Fundamentally, the transit issue in our state is not one of ability but resources and creativity.

The RTA is ready to assist the Legislature in developing and advising on smart transportation policies. Our expert team is available to meet and speak before committees. We will keep the Legislature abreast of developments at the local and federal levels that may transfer over to the state. As always, the RTA invites you to visit our website, stop by our offices, or take a trip with us. **Get On Board!**





RTAmichigan.org

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RTA FY 2024-2025 Budget

Board of Directors 2025 Legislative Policy Priorities

RTA's mission is to create new and better ways to move and connect people. Our vision is a Southeast Michigan where advances in transit create greater prosperity for all.

Transit directly contributes to economic growth and keeps Michigan competitive. Regional transit is an essential public service that connects people to jobs, businesses to talent, and communities to opportunity.

Nearly 90% of people in Southeast Michigan believe transit is a significant benefit. We are looking for opportunities to partner with the state to achieve our citizens' goals for transit.

Our Board of Directors' legislative priorities reflect policies that are centered on the following guiding principles:

- Reshape state funding pathways to increase transit investment.
- Investment in road infrastructure is an investment in transit infrastructure.
- Help people lead independent lives through accessible transit.
- Strengthen alignment across intersecting policies: land use, housing, workforce, economic development, and healthcare.

Increase Statewide Transit Funding to Stabilize All Transit Agencies

The state is leaving transit agencies on the side of the road. **Local Bus Operating (LBO) is not keeping pace with the 45% increase in operating expenses over the past five years for RTA's largest transit agencies—QLINE, SMART, DDOT, TheRide, and People Mover.** Transit providers depend on LBO reimbursement, the only state funding pathway to cover a portion of operating expenses.

More funding supports the state's economic growth goals by stabilizing transit agencies' position for longer-term strategic investments to expand service, modernize technology, and upgrade facilities and infrastructure.

Key Actions:

- At the bare minimum, appropriate LBO funding at a level that matches the reimbursement percentage from FY2025, approximately \$23M in additional funding.

- For a middle ground, appropriate LBO funding at a level that matches the highest reimbursement percentage from the last five years (34%), approximately \$65M in additional funding
- Ideally, appropriate LBO funding at a level that matches the highest reimbursement percentage statutorily available (50% for urban providers), approximately \$200M in additional funding
- Reshape and innovate long-term funding solutions at the state level.

Connect More People to Jobs, Education, and Healthcare

People love reliable, safe, and easy-to-use express buses. The RTA received \$4.5M in one-time state and federal grants to pilot two new express pilot bus services. Launched in 2022, the Downtown Detroit to Ann Arbor (D2A2) has a **loyal following with over 7000+ monthly riders, a 53% increase from 2024**. The Detroit to Airport Express, or Detroit Air Xpress (DAX), bus pilot wrapped up its first year after launching in March 2024 **with 45,000 riders**. Both express buses cost \$8 per ride, bringing in \$1M in expected revenue. These service models take advantage of highways for fast speeds and efficient connections.

Key Actions:

- Explore new funding solutions that sustain express buses on highway and road infrastructure.

Increase Funding for Seniors, People with Disabilities, and Veterans

The RTA four-county region is home to dozens of community-level providers. These providers provide medical and quality-of-life rides for these residents—seniors, people with disabilities, and veterans. Under the current funding model, community transit providers cannot keep up with the incredible increase in service demand from the growing senior population. **Nearly 50% of community transit funding comes from competitive federal programs that have not grown and are unsteady in the current environment. Eliminated or reduced federal funds will devastate individual and household mobility**, decreasing the public’s ability to support themselves and be self-sufficient, impacting their ability to live independently.

Key Actions:

- Support working with various state departments to explore finding an alternative funding source for community transit providers.

Allocate Funding and Adjust Road Project Expectations to Maximize the Economic Development Potential of Transit Projects

RTA's and MDOT's four biggest transit corridors are economic engines for the region and state. Woodward, Michigan, Gratiot, and Washtenaw are business and job centers, serving 34% of the region's jobs and 18.5% of the region's 4M residents.

MDOT is looking at each corridor for future investment. Communities desire the state to build better, safer corridors with improved transit. Successful peer regions are doubling down on building transit infrastructure on major corridors to drive economic value and deliver positive community outcomes. **The state's economic development strategy must include funding for roads and transit across these four major corridors.** RTA needs more resources and tools to fund these strategic projects, including road funding flexibility, economic development program funding, and state match to leverage federal infrastructure programs.

Key Actions:

- Develop a specific program within the new road funding package or future economic development package to fund regionally significant corridors and other major transit projects.
- Work with MDOT to include transit amenities as reasonable enhancements for road resurfacing and reconstruction projects.
- Develop a statewide transit plan program that identifies transit projects as key economic drivers that should be considered capital investments like road projects.

Sustain the RTA's Value

The RTA has been a unique success in its first ten years. From rationalizing funding for services for seniors to creating new express routes to providing a secure base for the future growth of the QLINE streetcar, the agency is just getting started delivering the business value it brings to the region and the state. However, this is **only RTA in the country's top 25 major metropolitan areas that lacks dedicated state funding.** The agency budget relies on a series of one-time grants that have allowed for a strategic team expansion for the next few years. The RTA needs a dedicated funding stream from the state to continue to grow and achieve its mission.

Key Actions:

- Establish a sustainable operating funding stream for the RTA (ex: Amend Act 51, Labor Economic Opportunity, MEDC).