

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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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 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.

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March 14, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

BASIC FINANCIAL STATEMENTS

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	171,682
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	65,550
Total liabilities	<u>2,019,546</u>
Net position	
Investment in capital assets	171,682
Unrestricted, deficit	(56,535)
Total net position	<u>\$ 115,147</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	\$ 6,823,967	\$ 160,906	\$ 6,365,577	\$ (297,484)
General revenues				
Other revenue				64,040
Change in net position				(233,444)
Net position, beginning of year as previously reported				351,177
Change in accounting principle (GASB 101)				(2,586)
Net position, beginning of year as adjusted				348,591
Net position, end of year				\$ 115,147

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	<u>11,543</u>

Total assets	\$ 1,963,011
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Liabilities

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

Total liabilities	<u>1,953,996</u>
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Fund balance

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

Total fund balance	<u>9,015</u>
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Total liabilities and fund balance	\$ <u>1,963,011</u>
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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
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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
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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>
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Net position of governmental activities	<u><u>\$</u></u>	<u>115,147</u>
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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	<u>64,040</u>

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	<u>49,459</u>

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
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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)
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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	<u>(62,964)</u>
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Change in net position of governmental activities	<u>\$ (233,444)</u>
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The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

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 live 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
	\$	538,613

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	<u>\$ 2,586</u>	<u>\$ 62,964</u>	<u>\$ 65,550</u>	<u>\$ 65,550</u>

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

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><u>\$ 5,130,012</u></u>	<u><u>\$ 1,682,860</u></u>

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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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

**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.

Maney Costeiran PC

March 14, 2025



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

**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.

Maney Costeiran PC

March 14, 2025

**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:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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.