Meeting of the RTA Board of Directors

June 1, 2026

Welcome! Meeting Starts at 9:00 a.m.

Meeting Agenda: rtachicago.org

Regional Transportation Authority

1. Call to order

Pledge of allegiance

RTA Board of Directors meeting

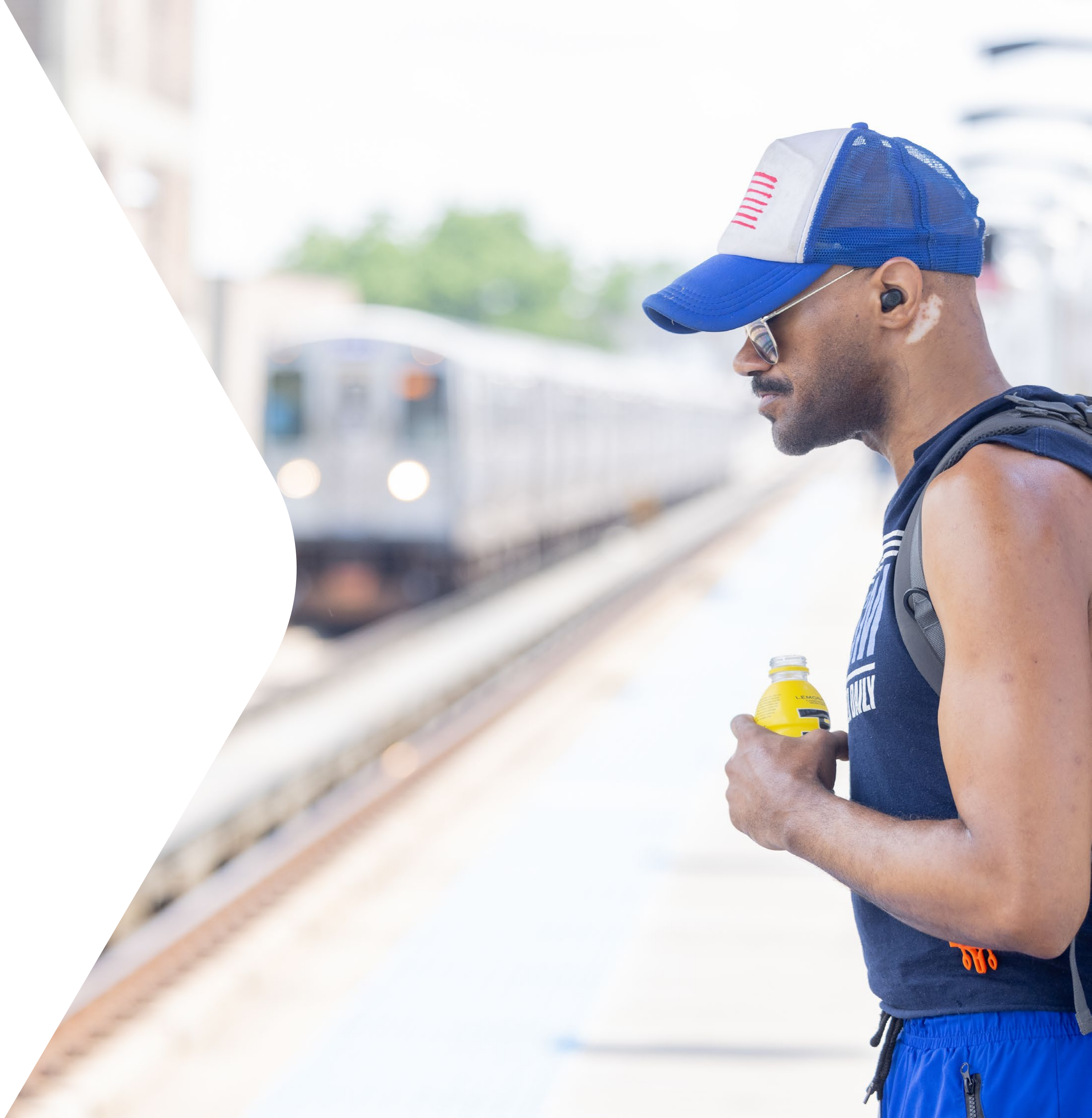
- Roll call
- Approval of minutes

4. Public Comment

5. Executive Director’s report

Legislative update

Today’s agenda



6. Action items

6a. Ordinances Amending the Regional Transportation Authority's Retailers' Occupation Tax, Service Occupation Tax, and Use Tax

6b. Ordinance approving and releasing the RTA 2025 Annual Comprehensive Financial Report (ACFR)

Regional Transportation Authority

Presentation of 2025 Audit Results to the Board of Directors

June 1, 2026

Agenda

Executive summary

Audit status

The 2025 audit is nearing completion.

We expect the Authority to be able to issue the financial statements as planned the week of June 22nd.

After completing our remaining procedures, we expect to issue an unqualified opinion on the basic financial statements.

Significant changes to the planned audit strategy

There were no significant changes to the planned audit strategy communicated to the Board of Trustees in our report dated April 30, 2026.

Significant risks

As previously reported, we identified significant risks related to management override of controls, fraudulent revenue recognition (which are two of the presumed risks on all audits we perform), the estimation uncertainty around valuation defined benefit pension plan obligations and the evaluation of eligibility requirements associated with grant programs.

Adoption of new accounting policy

In 2026, the Authority adopted GASB 102 *Certain Risk Disclosures*. The Authority evaluated the requirements of this new standard and did not identify any significant impact based on the requirements.

Audit adjustments or uncorrected misstatements

To date, there were no audit adjustments made to the original trial balance presented to us to begin our audit.

To date, we are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Deficiencies in internal control

We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Scope of RTA's External Audit and Compilation

- Audits:
  - Annual Comprehensive Financial Report (ACFR)
  - Joint Self-Insurance Fund (JSIF)
  - RTA, Metra and Pace Pension Plan
    - Plan Financial Statements
    - Plan Allocation Schedules (GASB 68)
  - Single Audit (Uniform Guidance Report)
  - RTA 401k Plan

Responsibility of External Auditor

Our responsibilities under auditing standards generally accepted in the United States of America, have been described to you in our arrangement letters dated March 6, 2026:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the RTA and its environment, the applicable financial reporting framework, and the RTA's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Considered RTA's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of RTA's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit;
- Evaluated 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Concluded, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RTA's ability to continue as a going concern for a reasonable period of time.

DBE Partnership

- DBE goal for the contract is 12%
  - Currently on track
- RSM and Prado and Renteria are committed to our DBE partnership and continuing to work on a goal to expand their role on the RTA 401k audits in the summer of 2026

Audit Process and Innovation

The external audit process is a significant effort which takes strong communication between all involved, we worked with management and internal audit to perform our audit by using out tools and technology to achieve our common goals.

RSM

Audit methodology

UNDERSTAND THE CLIENT

- Business objectives
- Financial performance
- Accounting policies
- Internal control

RISK ASSESSMENT

- Risk of material misstatement (error or fraud)
- Significant risks
- Control deficiencies

FURTHER AUDIT PROCEDURES

- Tests of controls
- Substantive analytical procedures
- Substantive tests of details

EVALUATION

- Audit evidence
- Uncorrected misstatements

DELIVERY

- Issue reports
- Governance communication

Audit Results

- We anticipate the issuance of or have issued an unmodified “clean” opinions over the following:
  - JSIF – Completed in March as required by Statute
  - RTA, Metra and Pace Pension Plan
  - Annual Comprehensive Financial Report
- No material weaknesses were identified during our audit

Audit adjustments and uncorrected misstatements

Audit adjustments

To date, there are no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected misstatements

To date, we are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Annual Comprehensive Financial Report

- Financial Highlights
  - RTA awarded GFOA Certificate for excellence in financial reporting for the 31st consecutive year
  - $130 million in new GO bonds issued in April 2025 to finance portion of costs incurred in connection with capital improvements of certain public transportation facilities
  - General Fund Budgetary Highlights
    - The actual change in revenues over expenditures of $203 million, excluding other financing (Debt Service) use was $62 million higher than the budget figure of $142 million
    - Revenues exceeded budget by $57 million (8%) and expenditures were under budget by $5 million (1%), which is largely due to increased investment income, PTF funds and Sales taxes received and passed on to the service boards in 2025.

Additional Financial Audit Reports

- Joint Self-Insurance Fund (JSIF)
  - Net position of $27.6 million
  - RTA distributed nearly $11.5 million from the General Fund
  - Insurance premiums were $9.9 million
- RTA, Metra and Pace Pension Plan
  - Includes non-union employees of RTA, Metra and Pace
  - Combined employer contributions of $25.6 million were made during 2025
  - Financial market upturns had a positive impact in 2025, the return on plan investments yielded a net $66.2 million increase on plan assets
  - Market funded ratio increased from 85.5% in 2024 to 92.2% in 2025

Federal Compliance Audit

- Single Audit
  - The RTA reported total federal expenditures of $4.6 million in 2025
  - We performed detailed testing procedures over the major program and to date, we have not identified any instances of noncompliance, procedures are ongoing
  - Significant Federal Programs by Assistance Listing Number (ALN)
    - 20.507 – Federal Transit Formula Grants – Part of Federal Transit Cluster
    - 20.513 – Enhanced Mobility of Senior and Individuals with Disability – Transit Services Cluster
    - 20.516 – Job Access Reverse Commute (JARC) – Transit Services Cluster
    - Based on the results of the expenditures in 2025, we determined that the Federal Transit Formula Grants was the only required major program needing to be tested

RSM

Accounting policies and practices

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Matter to Report	Yes	No	
Our responsibilities		✓	We described our responsibilities under auditing standards generally accepted in the United States of America in our engagement letter dated March 6, 2026. Our audit of the combined financial statements does not relieve management or you of your responsibilities, which are also described in that letter.
Planned scope and timing of the audit		✓	We previously issued presented our audit plan in our planning letter dated April 30, 2026, including the planned scope and timing of our audit and identified significant risks.
Accounting policies and practices			
Preferability of accounting policies and practices		✓	Under accounting principles generally accepted in the United States of America, management may select among alternative accounting practices in certain circumstances. In our view, in such circumstances, management has selected the preferable accounting practice.
Adoption of, or change in, accounting policies		✓	Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The RTA adopted the requirements of GASB Statement No. 102 *Certain Risk Disclosures* during the year. This requires state and local governments to disclose information in their financial statements about significant vulnerabilities stemming from specific concentrations or constraints. The overall impact was not material to the RTA as a whole.
Significant accounting policies		✓	We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Significant unusual transactions		✓	We did not identify any significant unusual transactions.

Observations about the audit process

Matter to Report	Yes	No	
Observations about the audit process			
Significant issues discussed with management		✓	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Disagreements with management		✓	There were no disagreements with management.
Significant difficulties encountered in performing the audit		✓	We did not encounter any significant difficulties in dealing with management during the audit.
Consultations with other accountants		✓	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant matters that required consultation		✓	We did not encounter any difficult or contentious matters that required consultation outside our engagement team and that are, in our professional judgment, significant and relevant to your responsibility to oversee the financial reporting process.

Independence

Shared responsibilities: AICPA and GAO independence

Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and Government Accountability Office (GAO) independence rules. For RSM to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Directors, and RSM each play an important role.

Our responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. RSM is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

Your responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, or officers.
  - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, potential component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Organization and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into arrangements of nonaudit services resulting in RSM being involved in making management decisions on behalf of the Organization
- Not entering into relationships resulting in close family members of RSM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Organization.

Concluding Thoughts

- We worked closely with John Yu, Olivia Yoon and the rest of the Finance team to work through our understandings and procedures over the financial statements
- Strong communication on both sides (including regular status meetings both in-person and via Microsoft Teams) proved to be key to getting to this point

Audit team contacts

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Thank you for your time and attention

Questions and Answers

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

7. New Business

Adjournment

The next meeting of the RTA Board of Directors is scheduled for Thursday, July 16.

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