
Regional Transit Authority

New Orleans, Louisiana

Financial Report
with Supplementary Information
December 31, 2025

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements	
Statement of Net Position	13
Statement of Revenue, Expenses, and Changes in Net Position	14
Statement of Cash Flows	15-16
Notes to Financial Statements	17-34
Required Supplementary Information	35
Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios	36
Schedule of Pension Contributions	37
Schedule of Changes in the Total OPEB Liability and Related Ratios	38
Notes to Required Supplementary Information	39
Supplementary Information	40
Schedule of Changes in Restricted Asset Bond Accounts	41
Schedule of Compensation, Benefits, and Other Payments to Agency Head	42

Independent Auditor's Report

To the Board of Commissioners
Regional Transit Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Regional Transit Authority (RTA) as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the RTA's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional Transit Authority as of December 31, 2025 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 RTA 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 opinion.

Report on Prior Year Financial Statements

The basic financial statements of the Regional Transit Authority as of and for the year ended December 31, 2024 were audited by other auditors, who expressed an unmodified opinion on September 29, 2025.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Commissioners
Regional Transit Authority

In performing an audit in accordance with GAAS 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 RTA'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 RTA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 an opinion on the financial statements that collectively comprise the Regional Transit Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Commissioners
Regional Transit Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2026 on our consideration of the Regional Transit 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Regional Transit Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Regional Transit Authority's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

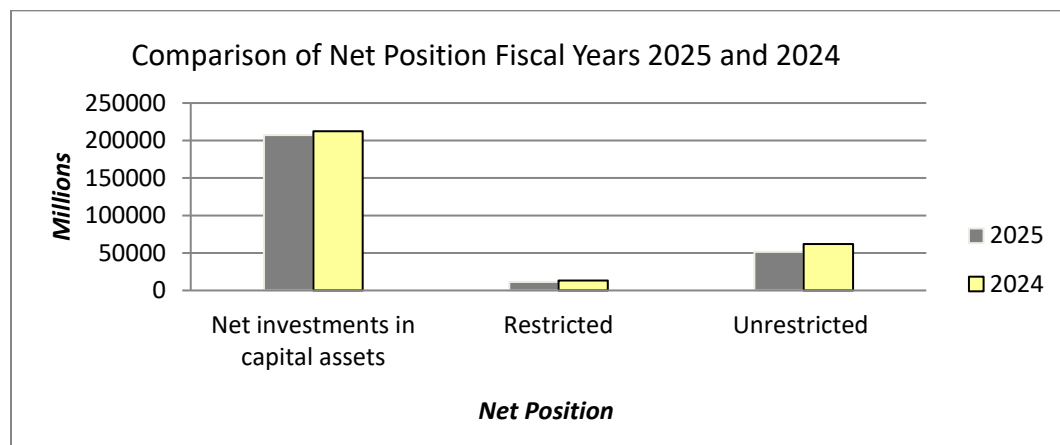
September 28, 2026

This section of the Regional Transit Authority's (the "RTA") annual financial report presents a discussion and analysis of the RTA's financial performance during the fiscal years ended December 31, 2025, and 2024. Please read it in conjunction with the RTA's financial statements, which follow this section.

2025

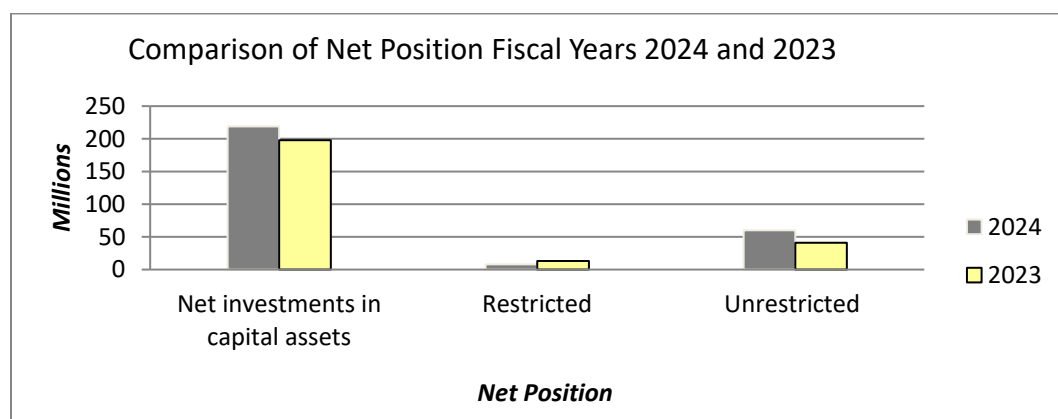
In 2025, the New Orleans Regional Transit Authority maintained stable service and disciplined fiscal management. Sales tax revenue remains the primary funding source for transit operations. Although collections tracked slightly below projections, the agency entered 2025 with a healthy reserve position specifically intended to absorb economic fluctuations. Although collections continued to trend below projections due to softening tourism and shifting consumer activity, with the 2025 Superbowl hosted by the City of New Orleans, sales and hotel/motel tax received was \$105.8 million, approximately \$4 million more than 2024. Passenger fare revenue reflected gradual ridership recovery, particularly among local commuter riders. While tourism-driven ridership remains variable, core system usage continues to stabilize, supported by digital payment adoption and ongoing expansion of LePass mobile application usage, and continuation of the Zero Fares for Opportunity Youth pilot program, implemented in 2024.

Year-to-date operating performance remained steady with a slight increase in service as a result of 29 new buses received in late 2024. Operating expenses remained controlled despite rising insurance, labor, and fringe benefit costs across the industry. Inflationary pressure on materials, fuel, and services was offset by maintaining budgetary control and expanding operational efficiencies. The agency maintained consistent transit service without major expenditure spikes, reinforcing financial stability during a volatile economic cycle. Maritime operations continued to require targeted investment due to scheduled maintenance and insurance costs but, with the utilization of nearly \$5 million in operating reserves, ferry services remained operational and supported in 2025. Capital planning for ferry infrastructure modernization continued without affecting core operating stability.



2024

In 2024, the RTA experienced a slight increase in passenger fare revenue as compared to 2023. We continued to experience the benefits of increased pass sales that began with our new fare structure adopted in 2022, coupled with an increase in mobile app users, which continues to grow exponentially. We also entered a 1-year pilot program which introduced Zero Fares for Opportunity Youth ages 16-24 funded through the city of New Orleans. The RTA continued its regular operations of the routes that were redesigned in September of 2022. With the implementation of the expanded service, and the addition of 29 new buses put into service in the fall of 2024, the RTA continued to operate full peak service, to meet the public transit needs of customers. This resulted in total transit operating expenses of \$162.6M inclusive of maritime operations, which is an increase of 4.68% from 2023 due to required drydocking of the Levy vessel. The City of New Orleans continued to do well with events and tourism in 2024, however it seems to have leveled off from booms in previous years, as hotel/motel sales tax showed a decrease of 16.55%. Sales tax, however, increased slightly by 0.40%. Overall, our figures still showed that the RTA generated healthy returns, as we ended the year with \$94.3M in sales tax revenues and \$176.4M in total non-operating revenues. The RTA saw the completion of the new Canal Street Ferry Terminal and the Napoleon facility during FY 2024. The agency issued no new debt in 2024, as our credit rating remained positive, allowing capacity for larger capital projects in future years.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: required supplementary information, including management discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and other supplementary information.

The financial statements provide both long-term and short-term information about the RTA's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The RTA's financial statements are prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, regardless of the timing of related cash flows, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the RTA are included in the Statement of Net Position.

The difference between the RTA's assets and deferred outflows of resources, and liabilities and deferred inflow of resources, is one way to measure the RTA's financial health or position. In 2025, the RTA's Net Position decreased by \$17.6 million. The decrease in the RTA's net position during 2025 is primarily attributed to a \$34 million decrease in grants from the Federal Transit Administration due to the conclusion of American Recovery Plan funding in 2025. These one-time funds helped to offset vehicle purchases and operating expenses in 2024 and partially in 2025. The RTA's total liabilities in 2025 increased by approximately \$16 million compared to total liabilities for 2024 and legal expenses increased significantly as many old legal cases were settled or closed during 2025. The RTA received approximately \$98.4 million in sales tax revenues from the City of New Orleans.

2025 Net Position

The RTA's total net position at December 31, 2025, decreased to approximately \$270 million, a 6.1% decrease from December 2024 (see Table A-1). Total assets increased slightly to approximately \$434.8 million and total liabilities increased 10% to approximately \$170.0 million. Restricted assets increased from \$13.4m on December 31, 2024, to \$13.7 million, and capital assets decreased to \$281.6 million. There was still a significant investment in capital assets, though not as significant as the 2024 levels when the building of the Canal Street Ferry terminal was substantially completed. While total net position decreased for the year, unrestricted net position was approximately \$51 million, which is similar to pre-ARPA allocation levels in 2023.

2024 Net Position

The RTA's total net position on December 31, 2024, increased to approximately \$287.7 million, a 14.4% increase from December 2023 (see Table A-1). Total assets increased 6.7% to approximately \$432.0 million and total liabilities decreased 8.7% to approximately \$154.0 million. Restricted assets increased from December 31, 2023, values to \$13.4 million and capital assets increased to \$296.2 million respectively. The unrestricted net position balance increased approximately \$19.1 million from approximately \$40.9 million on December 31, 2023, to approximately \$60.0 million on December 31, 2024.

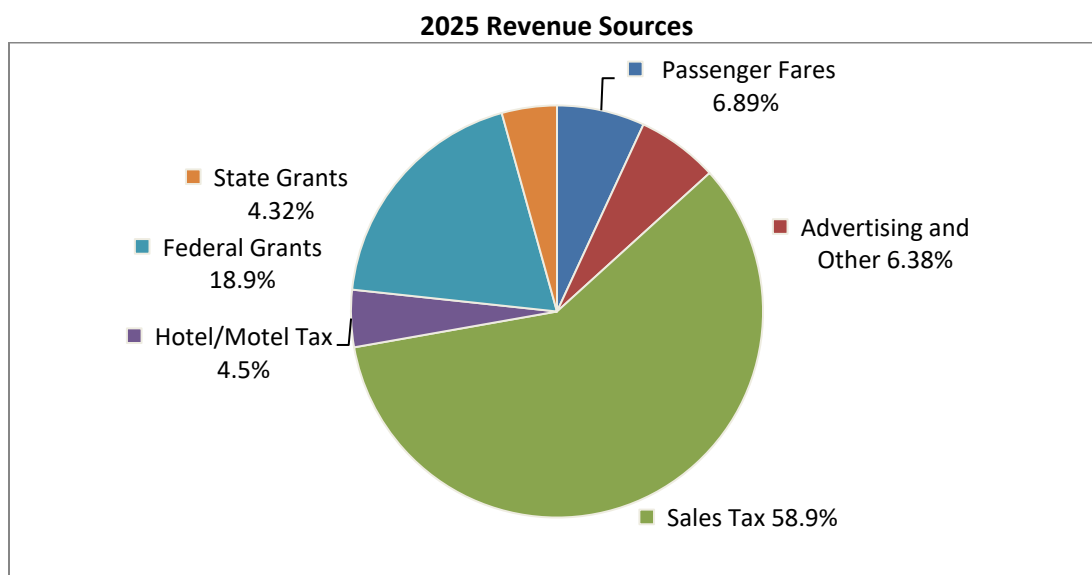
Table A-1
Regional Transit Authority's Net Position
(in thousands of dollars)

	2025	2024	Increase (Decrease)
Current assets	\$ 133,950	\$ 119,868	11.7%
Restricted assets	13,742	13,367	3.0%
Capital assets	281,666	296,191	(4.9)%
Net pension asset	5,397	2,602	107.4%
Total assets	434,754	432,028	.63%
Deferred outflow of resources	6,982	11,335	(38.4)%
Current liabilities	60,738	48,412	25.5%
Long-term liabilities	109,286	105,592	3.5%
Total liabilities	170,024	154,004	10.4%
Deferred inflow of resources	1,650	1,650	0%
Net investment in capital assets	207,295	219,434	(2.4)%
Restricted	11,372	8,238	(38.1)%
Unrestricted	51,396	60,037	(14.4)%
Total net position	\$ 270,063	\$ 287,709	(3.8)%

2025 Changes in Net Position

The change in net position for the year ended December 31, 2025, was approximately (\$17.6) million or 6.1% less than the year ended December 31, 2024. The RTA's operating revenue decreased 5.5% to approximately \$13.6 million, and total operating expenses increased 13.7% to approximately \$185 million. The changes in net position are detailed in Table A-2; operating expenses are detailed in Table A-3.

Passenger fare revenues increased 3.2% to approximately \$11.5 million compared to \$11.1 million in 2024. Non-operating revenues decreased 13.1 % to approximately \$153.4 million. Federal funding in 2025 was \$31.7 million, compared to \$65.2 million in 2024, and State funding decreased to \$7.2 million from \$12 million in the prior year.

**2024 Changes in Net Position**

The change in net position for the year ending December 31, 2024, was approximately \$36.3 million or 476.1% more than the year ended December 31, 2023. The RTA's operating revenues increased 3.6% to approximately \$14.4 million, and total operating expenses increased 4.7% to approximately \$162.6 million. The changes in net position are detailed in Table A-2; operating expenses are detailed in Table A-3.

Passenger fare revenues increased 0.9% to approximately \$11.2 million compared to \$11.0 million in 2023. Non-operating revenues increased 25.9% to approximately \$176.4 million. Federal funding in 2024 was \$72.2 million as compared to \$27.8 million in 2023 and State funding decreased to \$12.1 million in 2024 compared to \$12.4 million in 2023.

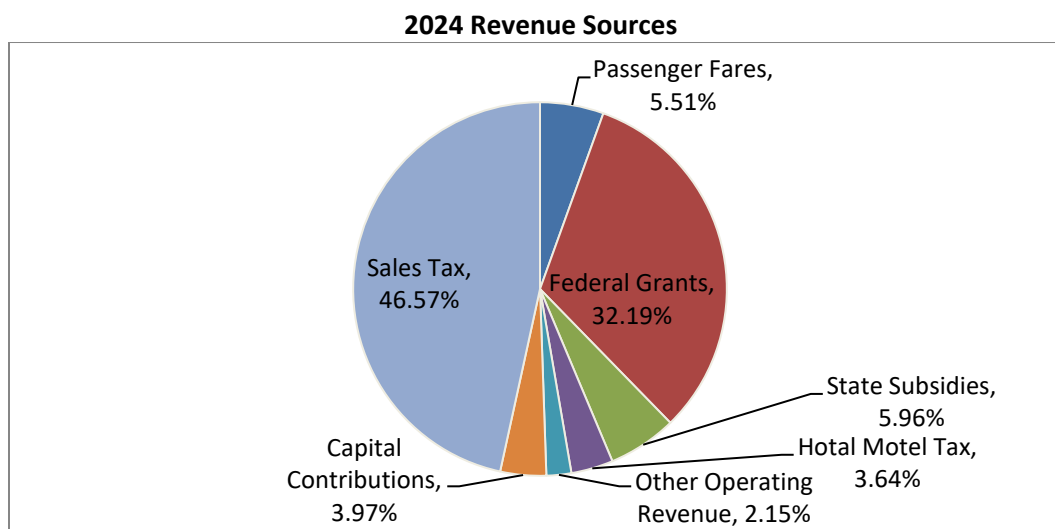


Table A-2
Regional Transit Authority's Changes in Net Position
 (in thousands of dollars)

	2025	2024	Increase (Decrease)
Operating Revenues:			
Passenger fares	\$ 11,513	\$ 11,153	3.2%
Other	2,120	3,266	-35.1%
Total operating revenues	13,633	14,419	-5.5%
Operating Expenses:			
Operating expenses	158,769	137,449	15.6%
Depreciation	26,109	25,137	3.9%
Total operating expenses	184,878	162,586	13.7%
Operating loss	(171,245)	(148,166)	15.6%
Non-operating revenues-net	153,371	176,440	-13.1%
Capital contributions	228	8,036	-97.2%
Change in net position	(176,646)	36,310	-148.6%
Total net position, beginning of year	287,709	251,399	14.4%
Total net position, end of year	\$ 270,063	\$ 287,709	-6.1%

Table A-3
Regional Transit Authority's Operating Expenses
(in thousands of dollars)

	2025	2024	Increase (Decrease)
Labor and fringe benefits excluding post-retirement benefits	\$ 94,145	\$ 92,939	1.3%
Post-retirement benefits	1,534	(4,397)	-134.9%
Depreciation	26,109	25,137	3.9%
Contract services	26,210	27,778	-5.6%
Insurance and self-insured costs	23,229	8,842	162.7%
Materials, fuel, and supplies	10,441	9,320	12.0%
Utilities	1,801	1,696	6.2%
Taxes, other than payroll	356	96	270.8%
Leases	230	226	1.8%
Miscellaneous	823	949	-13.3%
Total operating expenses	\$ 184,878	\$ 162,586	13.7%

2025 Capital Assets

As of December 31, 2025, the RTA had invested approximately \$732.2 million in capital assets. Net of accumulated depreciation, the RTA's capital assets at December 31, 2025, totaled approximately \$281.6 million. Capital investments in 2025 focused on modernization and system reliability rather than short-term expansion. Major projects include advanced fleet upgrades, infrastructure improvements, accessibility planning, and the transition toward zero-emission vehicles and charging infrastructure.

2024 Capital Assets

As of December 31, 2024, the RTA had invested approximately \$767.2 million in capital assets. Net of accumulated depreciation, the RTA's capital assets on December 31, 2024, totaled approximately \$296.2 million. Capital additions for the year ended December 31, 2024, included approximately \$4.9 million in construction in progress, approximately \$1.1 million in furniture, shelters and rail equipment and \$95 thousand in building upgrades and approximately \$28.9 million in transportation vehicles. Additionally, there were approximately \$41.4 million transfers to buildings from CIP and approximately \$2.4 million in transfers into buses, street cars and service vehicles from CIP. RTA invested over \$13 million in maritime operations, compared to \$11.5 million the previous year, primarily due to required drydocking maintenance costs.

2025 Debt Administration

There was no unusual bond activity outside of the normal principal and interest payments based on bond amortization in 2025. No new debt was issued in the 2025 fiscal year. The agency continued to pay down its debt, and with \$6m in principal payments during 2025, has successfully retired the debt on the series B Bond issue. The RTA maintained its positive bond ratings from both S&P and Moody's even through the volatility of the City's tourism and Sales tax revenues and overall industry outlook.

2024 Debt Administration

During 2024, there was no unusual bond activity outside of the normal principal and interest payments based on bond amortization. No new debt was issued in the 2024 fiscal year. The RTA was awarded an AA-positive long-term rating by S&P Global Inc. This upgrade from A+ stable to AA-positive primarily reflected outstanding sales tax revenue bonds. S&P Global expressed confidence that rebounded pledged revenues would remain steady, reinforcing robust coverage and liquidity. The rating also mirrored RTA's strong economic fundamentals, supported by a thriving and diverse economy that serves as a dynamic engine for the state. With historically low volatility in nationwide sales taxes, the agency maintained overall strong creditworthiness based on sales tax revenue bonds.

ECONOMIC FACTORS

The City of New Orleans has seen the signs of flourishing tourism as events returned to the City of New Orleans since 2022, however in recent years the City of New Orleans and its tourism outlook has been impacted by the tightening of the national economy and growing financial pressures of U.S. households. The City of New Orleans hosted Super Bowl LIX in February of 2025. The RTA has been instrumental in transit planning and reading our fleet, bus stops and technology to assist the city in preparation for increased visitors and transit needs during this time. The City of New Orleans estimated an additional \$13.8 million in one-time revenue that will be generated by the Super Bowl, resulting in an overall 3.2% increase in other taxes (Sales and Hotel/Motel), for which otherwise were forecasted to remain flat. With the addition of Super Bowl and Mardi Gras revenue directly impacting Sales and Hotel Motel Taxes for the City, the Regional Transit Authority saw an increase in our tax payments from the City during the months of February and March and April of 2025. These tax projections are directly linked to our operating revenue budget for the year 2025, resulting in positive General Use Sales Tax and Hotel Motel Tax for the agency. However, the city is projecting a decrease in General Use sales and hotel motel tax for the remainder of 2025 and for the next 2-3 years as we see a decline in tourism, that may negatively impact our sales tax revenue. As a result, RTA is reviewing operational efficiencies and actively working to grow fare and alternative sources of revenue to minimize potential impact.

In 2025, the RTA concluded the spending plan for the \$59.8 million of ARPA funds which included the addition of the 29 new buses and several infrastructure projects that will help move forward equitable and reliable transit in the City of New Orleans.

The Rampart Streetcar route returned in May of 2024 after being closed due to the Hard Rock Hotel collapse in 2019. In 2025, the line had a partial closure due to street repairs. Management will continue to analyze the impact on this line reopening on operating expenses, ridership and fare revenue events on ridership and revenues.

In 2025, the RTA concluded Labor negotiations with the United Labor Union, Local 100 (ULU), for RTA's administrative personnel, as well as concluded labor negotiations with ATU Local 1560 in 2025. The final agreements of both contracts were signed in January 2026 with contract dates ending in June of 2027 and 2028 respectively.

Future Impacts

In 2025, RTA will continue making significant strides in infrastructure and fleet improvements. With a strong credit rating, affirmed by our rating agencies (S&P and Moody's) and no new debt issued in 2025, RTA remains well-positioned for future transit investments.

Capital investment remained a priority in 2025, with the Algiers Ferry Terminal Renovation Project advancing through critical planning, design, and outreach phases. The \$9.8 million project, which began in September 2025, is focused on delivering an updated terminal that enhances the experience for transit riders, ferry operators, and the Algiers community. Key projects moving forward include the Bus Rapid Transit corridor, electric bus charging infrastructure, and systemwide accessibility planning. Several other capital investments are in the planning stage, that we anticipate seeing move to design and development as we progress through 2026.

RTA enters 2026 focused on financial resilience, modernization, finalizing a labor agreement with ATU, and operational reliability. Key priorities include continued fleet transition, infrastructure upgrades, digital fare expansion, and targeted revenue initiatives. Conservative forecasting will remain central to budgeting, so the agency can adapt to economic conditions while continuing to provide dependable transit service for riders across the region.

CONTACTING THE RTA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the RTA's finances and to demonstrate the RTA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gizelle Johnson-Banks, CFO – Regional Transit Authority at (504) 827-8488.

Regional Transit Authority

Statement of Net Position

December 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 51,134,864	\$ 42,699,594
Receivables - Net (Note 3)	73,583,143	71,231,850
Inventory	1,856,118	1,691,745
Prepaid expenses and other assets	7,376,201	4,244,494
Total current assets	133,950,326	119,867,683
Noncurrent assets:		
Restricted assets	13,741,675	13,367,423
Net pension asset (Note 7)	5,396,665	2,602,463
Capital assets: (Note 4)		
Assets not subject to depreciation	16,504,453	12,494,290
Assets subject to depreciation - Net	265,161,609	283,696,742
Total noncurrent assets	300,804,402	312,160,918
Total assets	434,754,728	432,028,601
Deferred Outflows of Resources		
Deferred charges - Prepaid bond insurance	234,957	259,262
Deferred pension costs (Note 7)	6,747,276	11,075,345
Total deferred outflows of resources	6,982,233	11,334,607
Liabilities		
Current liabilities:		
Accounts payable	6,068,270	3,235,571
Accrued liabilities and other	47,138,021	39,282,424
Unearned revenue - Advanced collection of ferry subsidy	2,570,000	-
Current portion of compensated absences (Note 5)	2,601,662	2,988,517
Current portion of legal and small claims (Note 10)	2,359,728	2,905,459
Total current liabilities	60,737,681	48,411,971
Noncurrent liabilities:		
Payable from restricted assets:		
Interest payable	1,556,749	1,593,133
Current portion of debt (Note 5)	6,209,159	6,139,159
Compensated absences less current portion (Note 5)	3,959,684	2,267,446
Legal and small claims less current portion (Note 10)	25,397,475	17,420,748
Total OPEB liability (Note 8)	3,930,471	3,729,967
Bonds payable less current portion (Note 5)	68,232,707	74,441,866
Total noncurrent liabilities	109,286,245	105,592,319
Total liabilities	170,023,926	154,004,290
Deferred Inflows of Resources - Deferred refunding gain	1,649,686	1,649,686
Net Position		
Net investment in capital assets	207,295,041	219,434,145
Restricted:		
Debt service	4,499,334	4,173,214
Self-insurance reserve	1,476,433	1,461,917
Pension benefits	5,396,665	2,602,463
Unrestricted	51,395,876	60,037,493
Total net position	\$ 270,063,349	\$ 287,709,232

Regional Transit Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenue		
Passenger fares	\$ 11,513,273	\$ 11,153,388
Advertising	1,391,176	1,538,477
Other	729,033	1,727,075
Total operating revenue	13,633,482	14,418,940
Operating Expenses		
Labor and fringe benefits	94,144,622	92,939,244
Pension benefits	1,533,867	(4,396,658)
Depreciation	26,109,225	25,136,721
Contract services	49,439,740	36,620,324
Materials, fuel, and supplies	10,440,929	9,320,374
Utilities	1,800,816	1,695,620
Taxes - Other than payroll	356,190	95,624
Leases	230,095	225,958
Miscellaneous	823,152	948,598
Total operating expenses	184,878,636	162,585,805
Operating Loss	(171,245,154)	(148,166,865)
Nonoperating Revenue (Expense)		
Investment income	1,205,364	1,089,877
Tax revenue - Sales tax	98,444,447	94,273,581
Tax revenue - Hotel/motel tax	7,480,026	7,371,243
Federal grants	31,701,950	65,166,209
State grants	7,219,062	12,064,685
Insurance proceeds and recoveries	8,966,732	-
Interest expense	(1,867,022)	(1,682,710)
Gain (loss) on sale of capital assets	220,795	-
Disaster-related expenses	-	(1,842,610)
Total nonoperating revenue	153,371,354	176,440,275
(Loss) Income - Before capital contributions	(17,873,800)	28,273,410
Capital Contributions		
Capital contributions - Federal	-	6,996,873
Capital contributions - Nonprofit - Restricted for ferry-related improvements	227,917	1,039,548
Total capital contributions	227,917	8,036,421
Change in Net Position	(17,645,883)	36,309,831
Net Position - Beginning of year	287,709,232	251,399,401
Net Position - End of year	\$ 270,063,349	\$ 287,709,232

Regional Transit Authority

Statement of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from customers	\$ 16,141,378	\$ 11,723,552
Payments to suppliers	(44,510,508)	(35,990,812)
Payments to employees and fringes	(92,604,256)	(93,838,998)
Claims paid	(7,602,371)	(11,443,933)
Receipts from other sources	2,999,366	2,349,659
Net cash and cash equivalents used in operating activities	(125,576,391)	(127,200,532)
Cash Flows from Noncapital Financing Activities		
Cash received from sales tax	94,980,668	92,854,992
Cash received from hotel/motel tax	7,875,955	7,209,717
Operating subsidies	13,858,564	8,168,299
Net cash and cash equivalents provided by noncapital financing activities	116,715,187	108,233,008
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	32,036,392	47,284,237
Proceeds from sale of capital assets	1,151,148	-
Purchase of capital assets	(8,716,599)	(25,551,938)
Principal and interest paid on capital debt	(8,005,579)	(7,939,467)
Net cash and cash equivalents provided by capital and related financing activities	16,465,362	13,792,832
Cash Flows Provided by (Used In) Investing Activities - Interest payments received (paid)	1,205,364	(752,733)
Net Increase (Decrease) in Cash and Cash Equivalents	8,809,522	(5,927,425)
Cash and Cash Equivalents - Beginning of year	56,067,017	61,994,442
Cash and Cash Equivalents - End of year	\$ 64,876,539	\$ 56,067,017
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 51,134,864	\$ 42,699,594
Restricted cash and cash equivalents	13,741,675	13,367,423
Total cash and cash equivalents	\$ 64,876,539	\$ 56,067,017

Regional Transit Authority

Statement of Cash Flows (Continued)

Years Ended December 31, 2025 and 2024

	2025	2024
Reconciliation of Operating Loss to Net Cash and Cash Equivalents from Operating Activities		
Operating loss	\$ (171,245,154)	\$ (148,166,865)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation	26,109,225	25,136,721
Changes in assets and liabilities:		
Change in accounts receivable	(2,059,470)	(345,729)
Change in inventory	(164,373)	(1,468,686)
Change in prepaid assets	(3,131,707)	417,050
Net pension asset and OPEB liability	(2,593,698)	(966,321)
Change in accounts payable and accrued expenses	14,146,392	5,125,355
Estimated claims liability	7,430,996	(2,601,966)
Deferrals related to pension and OPEB	4,328,069	(4,396,658)
Accrued and other liabilities	1,603,329	66,567
Total adjustments	45,668,763	20,966,333
Net cash and cash equivalents used in operating activities	<u><u>\$ (125,576,391)</u></u>	<u><u>\$ (127,200,532)</u></u>
Significant Noncash Transactions - Capital-related accounts payable	\$ 4,432,954	\$ 622,166

December 31, 2025 and 2024**Note 1 - Significant Accounting Policies*****Reporting Entity***

The Regional Transit Authority (RTA) of New Orleans is an independent political subdivision of the State of Louisiana created in 1979 by Act 439 of the Louisiana Legislature in order to provide mass transportation within its jurisdiction, which comprises the Greater New Orleans area. Effective July 1, 1983 under a transfer agreement among the RTA; the City of New Orleans, Louisiana (the "City"); and New Orleans Public Service, Inc. (NOPSI), the RTA assumed responsibility for all mass transit operations in Orleans Parish and acquired transit-related assets and assumed certain transit-related liabilities of NOPSI and of the City through purchase, funded by federal and local government grants, and through contributions from the City. Subsequently, the RTA has also assumed responsibility for mass transit operations of the City of Kenner, Louisiana and ferry services from the State of Louisiana. The RTA's area of service presently comprises Orleans Parish, the City of Kenner in Jefferson Parish, and ferry services in St. Bernard Parish and may ultimately include future transit operations throughout the Greater New Orleans area.

The RTA is governed by an eight-member board of commissioners composed of appointees of the participating local governments within the RTA's jurisdiction. The board of commissioners establishes policies, approves the budget, controls appropriations, and appoints a chief executive officer responsible for administering all RTA operations and activities.

The RTA holds title to substantially all assets and controls, or is entitled to, substantially all revenue and funds used to support its operations and is solely responsible for its fiscal affairs. The board of commissioners is authorized to issue bonds, incur short-term debt, and levy taxes upon approval of the voters in one or more of the parishes or municipalities served by the RTA.

The RTA is a stand-alone entity, as defined by GASB Codification Section 2100, *Defining the Financial Reporting Entity*. The RTA is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government.

Accounting and Reporting Principles

The RTA follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the RTA:

Report Presentation

This report includes the fund-based statements of the RTA. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

Fund Accounting

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Authority reports all activity in a single enterprise fund.

Basis of Accounting

Proprietary funds use the economic resources measurement focus and the full 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.

Note 1 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items.

Restricted Assets

Certain assets, principally consisting of cash and money market accounts, are segregated and classified as restricted assets, which may not be used except in accordance with state regulations or contractual terms.

Capital Assets

Capital assets include buildings, buses and equipment, streetcars, track systems, and related equipment, as well as furniture and fixtures and leasehold improvements. Capital assets are defined by the RTA as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings	5-30
Buses and equipment	4-20
Streetcars, track system, and related equipment	20-30
Furniture and fixtures	3-10
Leasehold improvements	5

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources expense until then. The RTA reports deferred outflows related to prepaid bond insurance and pension-related deferrals.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as revenue until that time. The RTA reports deferred inflows for the deferred gain on debt refunding.

December 31, 2025 and 2024**Note 1 - Significant Accounting Policies (Continued)****Net Position**

Net position of the RTA is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The RTA will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the RTA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Grants and Contributions

The RTA receives federal and state grants. Revenue from grants is recognized when all eligibility requirements, including time requirements, are met. Grants may be restricted for either specific operating purposes or for capital purposes. Unrestricted operating grants and grants restricted as to purpose, but not contingent on the actual expenditures of funds, are recognized at that point in time when the right to the funds becomes irrevocable. Where the expenditure of funds is the prime factor for determining the eligibility for the grant proceeds, the grant is recognized at the time when the expense is incurred.

Pension

The RTA participates in a defined benefit pension plan, as described in Note 7. For the purpose of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value within each plan.

Other Postemployment Benefit Costs

The RTA offers retiree health care benefits to retirees. The RTA records the total OPEB liability as calculated by the actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Compensated Absences (Vacation and Sick Leave)

The 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 (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - paid time off (PTO) and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

December 31, 2025 and 2024**Note 1 - Significant Accounting Policies (Continued)****Claims and Judgments**

The RTA accrues for losses resulting from claims and judgments, including anticipated incremental costs. A liability for such losses is reported when it is probable that a loss has occurred and the amount can be reasonably estimated. Actual losses may differ significantly from RTA's estimates. Incurred but not reported claims have been considered in determining the accrued liability. All accident and general liability claims and judgments for dates of loss from September 1, 2009 through July 31, 2012 are the responsibility of Transdev Services, Inc. (Transdev) pursuant to the former delegated management contract in effect during these periods. For dates of loss subsequent to August 1, 2012 and prior to September 1, 2009, the RTA is responsible.

Advanced Collections

Revenue collected in advance is recognized as a liability within the financial statements.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the RTA is charges to customers for transportation services. Operating expenses include the cost of services and administrative expenses, as well as depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 28, 2026, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the RTA's financial statements for the year ending December 31, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions for these statements are effective for the RTA's financial statements for the year ending December 31, 2026.

Note 1 - Significant Accounting Policies (Continued)

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which clarifies the definition of subsequent events and the time period during which they should be evaluated. This statement established clear distinctions between recognized and nonrecognized subsequent events and requires disclosure of the date through which subsequent events were evaluated, as well as specific note disclosures for nonrecognized events that have a significant effect on the financial statements. The provisions of this statement are effective for the RTA's financial statements for the year ending December 31, 2027.

Note 2 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	2025		2024	
	Restricted	Unrestricted	Restricted	Unrestricted
Cash and cash equivalents	\$ 13,741,675	\$ 51,134,864	\$ 13,367,423	\$ 42,699,594

As of December 31, 2025 and 2024, \$1,476,433 and \$1,461,917, respectively, of restricted cash was pledged as collateral to the Louisiana Office of Workman's Compensation to maintain RTA/TMSEL's self-insurance certificate. This self-insurance certificate applies to all TMSEL employees receiving workers' compensation benefits through August 31, 2009 from the RTA and all RTA employees receiving workers' compensation benefits after December 19, 2020. Transdev was responsible for workers' compensation claims from September 1, 2009 until December 19, 2020.

The RTA's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the RTA's deposits may not be returned to it. The RTA does not have a deposit policy for custodial credit risk. Actual cash in banks and certificates of deposit as of December 31, 2025 and 2024, for restricted and unrestricted bank accounts, before outstanding checks and reconciling items, were \$51,793,143 and \$44,234,513, respectively. Of the total bank balances at December 31, 2025 and 2024, certain amounts were covered by federal depository insurance (\$1,504,714 for 2025 and \$1,004,648 for 2024) or by collateral held in the RTA's name by its agent (\$41,642,077 for 2025 and \$50,611,964 for 2024). As December 31, 2025 and 2024, \$8,646,352 and \$0, respectively, was uninsured and uncollateralized. Actual cash in money market accounts was \$15,991,695 and \$15,479,242 as of December 31, 2025 and 2024, respectively, and is included in cash and cash equivalents above.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The RTA's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The RTA's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

December 31, 2025 and 2024

Note 2 - Deposits and Investments (Continued)

Investment	2025		2024	
	Carrying Value	Weighted-average Maturity (Years)	Carrying Value	Weighted-average Maturity (Years)
Primary Government				
Federated Hermes Government Obligated Tax-Managed Fund	\$ 4,183,658	0.13	\$ 4,024,918	N/A
Fidelity Money Market Treasury Portfolio	11,808,037	0.11	11,454,324	N/A
Total	<u>\$ 15,991,695</u>		<u>\$ 15,479,242</u>	

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The RTA has no investment policy that would further limit its investment choices. As of December 31, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	2025			2024		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
Primary Government						
Federated Hermes Government Obligated Tax-Managed Fund	\$ 4,183,658	AAAm	S & P	\$ 4,024,918	AAAm	S & P
Fidelity Money Market Treasury Portfolio	11,808,037	AAAm	S & P	11,454,324	AAAm	S & P
Total	<u>\$ 15,991,695</u>			<u>\$ 15,479,242</u>		

Note 3 - Accounts Receivable

Accounts receivable, net of allowance for uncollectible amounts, consisted of the following as of December 31:

	2025	2024
Sales tax	\$ 17,918,329	\$ 18,501,565
Hotel/motel tax	2,391,271	2,787,200
Federal capital grants	40,936,638	41,065,651
State parish transit	105,998	87,179
State ferry subsidy	5,000,000	7,570,000
Federal Emergency Management Agency	-	30,626
Passenger (transpass and visitor)	738,520	686,551
Other	6,523,012	673,215
Less allowance for uncollectible amounts	<u>30,625</u>	<u>170,137</u>
Total accounts receivable	<u>\$ 73,583,143</u>	<u>\$ 71,231,850</u>

December 31, 2025 and 2024

Note 4 - Capital Assets

Capital asset activity of the RTA at December 31, 2025 was as follows:

	Balance January 1, 2025	Additions	Disposals	Balance December 31, 2025
Capital assets not being depreciated:				
Land	\$ 6,988,812	\$ -	\$ -	\$ 6,988,812
Construction in progress	5,505,478	4,010,163	-	9,515,641
Subtotal	12,494,290	4,010,163	-	16,504,453
Capital assets being depreciated:				
Buildings and improvements	196,698,383	7,385	-	196,705,768
Equipment - Primarily transportation vehicles	488,959,443	6,969,749	(32,654,648)	463,274,544
Furniture and fixtures	69,032,592	1,540,090	(14,855,074)	55,717,608
Subtotal	754,690,418	8,517,224	(47,509,722)	715,697,920
Accumulated depreciation:				
Buildings and improvements	120,289,378	5,170,619	-	125,459,997
Equipment - Primarily transportation vehicles	295,998,641	18,115,649	(31,733,917)	282,380,373
Furniture and fixtures	54,705,657	2,822,957	(14,832,673)	42,695,941
Subtotal	470,993,676	26,109,225	(46,566,590)	450,536,311
Net capital assets being depreciated	283,696,742	(17,592,001)	(943,132)	265,161,609
Net business-type activity capital assets	\$ 296,191,032	\$ (13,581,838)	\$ (943,132)	\$ 281,666,062

Capital asset activity of the RTA at December 31, 2024 was as follows:

	Balance January 1, 2024	Additions/ Transfers	Disposals/ Transfers	Balance December 31, 2024
Capital assets not being depreciated:				
Land	\$ 6,988,812	\$ -	\$ -	\$ 6,988,812
Construction in progress	46,129,312	4,946,928	(45,570,762)	5,505,478
Subtotal	53,118,124	4,946,928	(45,570,762)	12,494,290
Capital assets being depreciated:				
Buildings and improvements	287,222,301	41,497,066	(132,020,984)	196,698,383
Equipment - Primarily transportation vehicles	325,944,965	163,014,478	-	488,959,443
Furniture and fixtures	67,674,194	1,358,398	-	69,032,592
Subtotal	680,841,460	205,869,942	(132,020,984)	754,690,418
Accumulated depreciation	445,856,955	25,136,721	-	470,993,676
Net capital assets being depreciated	234,984,505	180,733,221	(132,020,984)	283,696,742
Net capital assets	\$ 288,102,629	\$ 185,680,149	\$ (177,591,746)	\$ 296,191,032

December 31, 2025 and 2024

Note 4 - Capital Assets (Continued)

Depreciation expense for the years ended December 31, 2025 and 2024 totaled \$26,109,225 and \$25,136,721, respectively.

At December 31, 2025, construction-in-progress additions were primarily related to ferry terminal and electric bus charging stations. For December 31, 2024, construction-in-progress additions were primarily related to a ferry boat, facility restoration, and other construction projects.

Construction Commitments

The RTA has active construction projects at year end. The projects include the Algiers Ferry Terminal Renovation and services related to Bus Rapid Transit. The RTA's costs to date for these projects are \$486,497 and \$0, respectively. The remaining commitments for these projects are \$4,566,391 and \$5,690,009, respectively.

Note 5 - Long-term Debt

Long-term debt activity for the years ended December 31, 2025 and 2024 can be summarized as follows:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
2020 A&B Series Sales Tax Refunding Bonds (interest rates of 0.5 percent to 5.0 percent)	\$ 67,150,000	\$ -	\$ (4,880,000)	\$ 62,270,000	\$ 4,950,000
Bond premium	13,431,025	-	(1,259,159)	12,171,866	1,259,159
Total bonds payable	80,581,025	-	(6,139,159)	74,441,866	6,209,159
Compensated absences	5,255,963	1,305,383	-	6,561,346	2,601,662
Total business-type activities long-term debt	<u>\$ 85,836,988</u>	<u>\$ 1,305,383</u>	<u>\$ (6,139,159)</u>	<u>\$ 81,003,212</u>	<u>\$ 8,810,821</u>
	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
2020 A&B Series Sales Tax Refunding Bonds (interest rates of 0.5 percent to 5.0 percent)	\$ 71,985,000	\$ -	\$ (4,835,000)	\$ 67,150,000	\$ 4,880,000
Bond premium	14,690,184	-	(1,259,159)	13,431,025	1,259,159
Total bonds payable	86,675,184	-	(6,094,159)	80,581,025	6,139,159
Compensated absences	5,189,396	66,567	-	5,255,963	2,988,517
Total business-type activities long-term debt	<u>\$ 91,864,580</u>	<u>\$ 66,567</u>	<u>\$ (6,094,159)</u>	<u>\$ 85,836,988</u>	<u>\$ 9,127,676</u>

Note 5 - Long-term Debt (Continued)

2020 Bond Series

On September 9, 2020, the RTA issued \$62,815,000 of Sales Tax Revenue Refunding Bonds, Series 2020A (Tax-Exempt) and \$20,190,000 of Sales Tax Revenue Refunding Bonds, Series 2020B (Taxable). The RTA issued the bonds to refund \$89,569,627 of the outstanding Sales Tax Revenue Bonds, Series 1991, maturing on December 1, 2021; LCDA Revenue Bonds, Series 2000, maturing on February 1, 2025; December 1, 2029, Sales Tax Revenue Bonds, Series 2010, maturing on December 1, 2030; and a Debt Service Assistance Fund Loan, maturing on July 15, 2026. The net proceeds of \$95.6 million (after payment of \$6.3 million in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded portion of the 1991, 2000, 2010, and Debt Service Assistance series bonds. As a result, that portion of the 1991, 2000, 2010, and Debt Service Assistance series bonds are considered defeased, and the RTA has removed the liability from its accounts.

The current interest and principal bonds were secured by a pledge and lien upon a portion of the RTA's sales tax revenue (1 percent upon the items and services subject to the sales tax). For the 2020 A&B Series, the principal balance as of December 31, 2025 was \$62,270,000, of which \$4,950,000 is due in 2026.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Other Debt	
	Series 2020A Bond Principal	Series 2020A Bond Interest
2026	\$ 4,950,000	\$ 2,989,750
2027	5,200,000	2,736,000
2028	5,455,000	2,469,625
2029	5,730,000	2,190,000
2030	6,020,000	1,896,250
2031-2035	34,915,000	4,534,375
Total	<u>\$ 62,270,000</u>	<u>\$ 16,816,000</u>

Note 6 - Deferred Compensation

The RTA established New Orleans Regional Transit Authority 457 Plan (the "457 Plan") effective September 25, 2019 in accordance with Internal Revenue Code 457.

The 457 Plan, available to all full-time government employees at their option, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. In accordance with generally accepted accounting principles, no assets or liabilities of the 457 Plan are included in the RTA's financial statements.

Employees can contribute up to \$22,500 annually plus additional catch-up contributions for employees age 50 or older. The RTA matches the employee voluntary contributions up to 6 percent of employees' annual gross wages. The RTA's contributions to the 457 Plan for the years ended December 31, 2025 and 2024 were \$5,479,582 and \$8,797,562, respectively.

December 31, 2025 and 2024**Note 7 - Pension Plan*****Plan Description***

The RTA is a nonemployer contributing entity to the Transit Management of Southeast Louisiana (TMSEL) Retirement Income Plan, which funds employee and retiree benefits for former employees of TMSEL.

In 1983, the RTA completed the purchase of the transit system from NOPSI. On that date, the RTA; TMSEL; the City of New Orleans, Louisiana; and NOPSI entered into a benefit agreement to fund employee and retiree benefits. At the time this agreement was reached, the RTA was a public entity and TMSEL was a privately owned corporation always fully funded by the RTA. In 2004, TMSEL was designated as a political subdivision by the State of Louisiana, and, in 2009, TMSEL ceased operations and the management agreement between TMSEL and RTA was terminated. In January 2012, the RTA became a 100 percent owner in the stock of TMSEL.

On August 31, 2009, the management contract between RTA and TMSEL expired and was replaced beginning on September 1, 2009 with a new delegated management contract with Transdev Services, Inc. (formally Veolia Transportation Services, Inc). Effective September 1, 2009, all active TMSEL employees became employees of Veolia Transportation Services, Inc. causing a partial termination of the plan. As a result, TMSEL employees ceased to accrue future benefits in the TMSEL Retirement Income Plan.

The RTA contends that the TMSEL Retirement Income Plan is a governmental plan not subject to the provisions of ERISA. Although an official ruling is still pending from the Department of Labor as to whether the TMSEL Retirement Income Plan is an ERISA-governed plan or a governmental plan; the Pension Benefit Guaranty Corporation (PBGC) has not asserted any actions against the RTA or required the RTA to make any minimum quarterly pension funding contributions that would be required by an ERISA-governed plan. In 2014, the RTA entered into a settlement agreement that provided payments to the TMSEL Retirement Income Plan totaling \$18 million (see contributions section below and Note 6 for additional information). This agreement does not render a position on the TMSEL Retirement Income Plan's status as a governmental plan.

Benefits Provided

All TMSEL and former NOPSI administrative employees and members of the former ATU Division 1611 over the age of 21 (age 25, if hired prior to January 1, 1985) were eligible to participate in the plan. Effective January 1, 1998, all members of ATU Division 1560 over the age of 21 were eligible to participate in the plan. Effective July 1, 1998, all members of IBEW Local 1700-4 over the age of 21 were eligible to participate in the plan. Lift operators and sedan drivers were not participants of the plan. The plan was officially closed to new participants effective August 31, 2009. Participants are fully vested in their retirement benefits after completing 5 years of service (with a minimum 1,000 hours worked per year).

The normal retirement age is 65. Those members who retire at age 65 are entitled to annual retirement benefits for life in an amount equal to 2.1 percent (multiplier) (unless otherwise specified in the plan) of their 5-year average compensation times years of benefit services. The normal retirement benefit is receivable as of the first day of the subsequent month following the date a participant reaches age 65 (normal retirement age) and is based on the participant's compensation and years of credited service. The plan permits early retirement at age 55 through 64 with 5 years of vesting service with the pension benefit amount being reduced by 3 percent for each year of age less than 65. Members of ATU Division 1560 and IBEW Local 1700-4 can retire after 30 years of benefit service pursuant to collective bargaining agreement. Participants may elect to receive their pension benefits in the form of a single election, 50 percent joint and survivor, 75 percent joint and survivor, 100 percent joint and survivor, and 10-year certain annuities. The plan also provides for postponed retirement. Participants severing employment prior to full vesting forfeit their benefits after incurring a permanent break in service.

Note 7 - Pension Plan (Continued)

If a covered active employee dies before completing the 5-year vesting period, a refund of the employee's contributions with interest is made to the beneficiary. If a covered active employee dies before age 55 and is fully vested on that date, a survivorship pension is payable to the employee's spouse. The survivorship pension is determined as if the employee had retired on early retirement with 50 percent joint and survivor benefits and died after the benefits were to commence. The survivorship pension is equal to 50 percent of the amount the employee would have received and is payable until the death of the participant's spouse. If a covered active employee dies before age 55 and is fully vested on that date, but does not have a spouse, no survivorship pension is paid out. Instead, the employee's contributions are paid out to the employee's beneficiary.

On March 13, 2003, the Internal Revenue Service issued a favorable determination letter for the plan granting approval of a new optional form of payment. The reduced annuity lump sum (RAWLS) provides a portion of the retirement benefit in a lump sum, plus a reduced monthly benefit. Members of ATU Division 1560 and IBEW 1700-4 are eligible for this form of benefit, which is effective retroactively to January 1, 2002.

On May 7, 2008, the Internal Revenue Service issued a favorable determination letter for the plan granting approval of the amendments proposed on May 15, 2003; May 18, 2006; and January 27, 2007.

Effective March 19, 2015, the plan was amended to provide unreduced benefits to participants retiring from Transdev, whose combined TMSEL and Transdev service equals 30 or more years of service and who had not previously received any benefits.

On May 16, 2016, the plan received a signed compliance statement from the Internal Revenue Service agreeing that corrective methods and revised administrative procedures implemented by the plan as submitted in the Voluntary Correction Program (VCP) are acceptable. In conjunction with the VCP submission, the plan sponsor adopted amendments effective retroactive to the effective dates of the specific provisions contained in the amendments to correct all of its nonamended failures. On August 2, 2017, the Internal Revenue Service issued a favorable determination letter for the plan granting approval for the 2015 and 2016 amendments.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms at December 31:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefits	1,274	1,280
Inactive plan members entitled to but not yet receiving benefits	310	337
Total employees covered by the plan	1,584	1,617

Contributions

TMSEL contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan participants. The contributions of TMSEL are made in amounts, determined by an enrolled actuary, sufficient to fund the plan's current service costs plus amortization of any unfunded amounts over 25 years. However, the plan did not make the ERISA minimum required funding contributions for the quarters ended September 30, 2013 through December 31, 2025 due to its assertion that the TMSEL Retirement Plan is a governmental plan not subject to the provisions of ERISA (see *Plan Description* section above).

December 31, 2025 and 2024

Note 7 - Pension Plan (Continued)

In 2014, the RTA entered into an \$18 million settlement to fund the TMSEL Retirement plan, and, accordingly, recorded \$18 million in pension benefits expense, of which \$10 million was funded in 2014 and the remaining \$8 million was scheduled to be paid to the plan in equal installments of \$1.6 million over the next five years. The RTA paid the last installment of \$1.6 million during the year ended December 31, 2019. The agreement also states that this agreement does not limit the RTA's obligations to further fund the TMSEL Plan in the future.

Net Pension (Asset) Liability

The RTA has chosen to use the December 31 measurement date as its measurement date for the net pension (asset) liability. The December 31, 2025 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the pension net position as of the December 31, 2024 measurement date. The December 31, 2024 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension asset during the measurement year were as follows:

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at January 1, 2024	\$ 152,450,381	\$ 155,052,844	\$ (2,602,463)
Changes for the year:			
Interest	10,142,088	-	10,142,088
Differences between expected and actual experience	(1,383,353)	-	(1,383,353)
Net investment income	-	13,700,566	(13,700,566)
Benefit payments, including refunds	(15,126,815)	(15,126,815)	-
Administrative expenses	-	(2,147,629)	2,147,629
Net changes	(6,368,080)	(3,573,878)	(2,794,202)
Balance at December 31, 2024	<u>\$ 146,082,301</u>	<u>\$ 151,478,966</u>	<u>\$ (5,396,665)</u>

The plan's fiduciary net position represents 103.69 percent of the total pension liability.

Changes in the net pension liability (asset) during the prior measurement year were as follows:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at January 1, 2023	\$ 160,708,553	\$ 153,991,703	\$ 6,716,850
Changes for the year:			
Interest	10,708,664	-	10,708,664
Differences between expected and actual experience	(1,124,721)	-	(1,124,721)
Changes in assumptions	(2,386,838)	-	(2,386,838)
Net investment income	-	18,395,652	(18,395,652)
Benefit payments, including refunds	(15,455,277)	(15,455,277)	-
Administrative expenses	-	(1,879,234)	1,879,234
Net changes	(8,258,172)	1,061,141	(9,319,313)
Balance at December 31, 2023	<u>\$ 152,450,381</u>	<u>\$ 155,052,844</u>	<u>\$ (2,602,463)</u>

The plan's fiduciary net position represents 101.71 percent of the total pension liability.

December 31, 2025 and 2024

Note 7 - Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended December 31, 2025 and 2024, the RTA recognized pension expense (recovery) of \$1,533,867 and \$(3,926,406), respectively.

At December 31, 2025 and 2024, the RTA reported deferred outflows of resources related to the net difference between projected and actual earnings on pension plan investments of \$6,747,276 and \$11,075,345, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31	2025	2024
2025	\$ -	\$ 1,566,893
2026	3,666,799	4,357,093
2027	6,105,653	6,795,947
2028	(2,334,882)	(1,644,588)
2029	(690,294)	-
Total	<u>\$ 6,747,276</u>	<u>\$ 11,075,345</u>

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using an inflation assumption of 2.5 percent, an investment rate of return of 7.0 percent, and using the Pri-2012 mortality tables (sex-specific, annuitant, and nonannuitant) with fully generational future mortality improvements projected using the Adjusted Scale MP-2021. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent for the years ended December 31, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed no contributions.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2024 and 2023 measurement dates for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	35.00 %	7.50 %
International equity	25.00	8.50
Domestic bonds	24.00	2.50
Real estate	10.00	4.50
Alternative assets	4.00	6.24
Cash	2.00	-

December 31, 2025 and 2024

Note 7 - Pension Plan (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the RTA, calculated using the discount rate of 7.0 percent, as well as what the RTA's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
2025 net pension liability (asset)	\$ 5,780,639	\$ (5,396,665)	\$ (15,173,438)
2024 net pension liability (asset)	9,312,134	(2,602,463)	(13,000,700)
Total	\$ 15,092,773	\$ (7,999,128)	\$ (28,174,138)

Note 8 - Other Postemployment Benefit Plan

Plan Description

The Regional Transit Authority provides certain continuing health care and life insurance benefits for its retired employees. The Regional Transit Authority's OPEB Plan (the "OPEB Plan") is a single employer defined benefit OPEB plan administered by the Regional Transit Authority. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the Regional Transit Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided

Medical dental benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. This is a closed group of grandfathered participants. Eligibility for retirement occurs when the participant is aged 55 with 5 years of service or any age with 30 years of service.

Life insurance coverage is provided to a closed group of retirees (no future retirees will be eligible) and paid by the employer. The employer pays 100 percent of the cost of the retiree life insurance based on a blended rate for all retirees. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. In-force life insurance amounts are reduced to 65 percent of the initial value at age 65, 40 percent at age 70, 30 percent at age 75, and 20 percent of the initial value at age 80.

Employees Covered by Benefit Terms

The following employees were covered by the medical benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	354	396
Active plan members	17	21
Total plan members	371	417

Total OPEB Liability

The RTA has chosen to use the December 31 measurement date as its measurement date for the total OPEB liability. The December 31, 2025 fiscal year end reported total OPEB liability was determined using a measure of the total OPEB liability as of the December 31, 2025 measurement date. The December 31, 2025 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2024.

December 31, 2025 and 2024

Note 8 - Other Postemployment Benefit Plan (Continued)

Changes in the total OPEB liability during the prior measurement year were as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balance at January 1, 2025	\$ 3,729,967
Changes for the year:	
Interest	140,624
Differences between expected and actual experience	775,637
Changes in assumptions	(143,413)
Benefit payments, including refunds	(572,344)
Net changes	200,504
Balance at December 31, 2025	\$ 3,930,471
Balance at January 1, 2024	\$ 4,771,529
Changes for the year:	
Service cost	270
Interest	144,139
Change in assumptions	(479,568)
Benefit payments, including refunds	(706,403)
Net changes	(1,041,562)
Balance at December 31, 2024	\$ 3,729,967

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2025 and 2024, the RTA recognized OPEB expense (recovery) of \$772,848 and \$(335,159), respectively. At December 31, 2025 and 2024, there were no deferred outflows of resources or deferred inflows of resources related to OPEB.

Actuarial Assumptions

The total OPEB liability in the December 31, 2025 actuarial valuation was determined using an inflation assumption of 2.5 percent, the RPH-2014 mortality rates with full generational projection using scale MP-2014, and a health care cost trend with an initial trend of 5.5 percent gradually decreasing to 4.04 percent. These assumptions were applied to all periods included in the measurement actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.83 percent. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

December 31, 2025 and 2024

Note 8 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the RTA, as well as what the RTA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.83 percent for 2025 and 3.08 percent for 2024) or 1 percentage point higher (5.83 percent for 2025 and 5.08 percent for 2024) than the current discount rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
2025 total OPEB liability	\$ 4,124,953	\$ 3,930,471	\$ 3,759,415
2024 total OPEB liability	4,134,002	3,729,967	3,408,386

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the total OPEB liability of the RTA, calculated using the health care cost trend rate of 5.50 percent for 2025 and 6.0 percent for 2024, as well as what the RTA's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower (4.5 percent for 2025 and 5.0 percent for 2024) or 1 percentage point higher (6.5 percent for 2025 and 7.0 percent for 2024) than the current discount rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
2025 total OPEB liability	\$ 3,913,458	\$ 3,930,471	\$ 3,947,625
2024 total OPEB liability	3,507,098	3,729,967	4,010,392

Assumption Changes

The assumed rate of inflation increased to 2.5 percent as of December 31, 2025 from 2.0 percent in December 31, 2024. The discount rate increased from 4.08 percent to 4.83 percent, and the health care cost trend rate decreased from an initial trend of 6.0 percent to 5.5 percent.

Note 9 - Commitments and Contingencies***Commitments*****TMSEL Retirement Income Plan**

To prevent the termination of the TMSEL Retirement Income Plan, which was partially terminated in 2009, the RTA entered into discussions with the PBGC for the continued funding of the plan. The ability of the RTA to control the board of trustees of the TMSEL Retirement Income Plan was a condition precedent to the negotiation of this funding agreement (see Note 7). The TMSEL Retirement Income Plan board of trustees is responsible for the administration, management, and proper operation of the TMSEL Retirement Income Plan. The TMSEL Retirement Income Plan board consists of 12 administrative trustees, 6 of which will be appointed by RTA and the TMSEL board of directors combined.

Contingencies**Regulatory**

The RTA receives financial assistance directly from federal agencies, which is subject to audit and final acceptance by these agencies. In the opinion of management, amounts that may be subject to disallowance upon final audit, if any, would not have a material effect on the RTA's financial position.

Note 10 - Self-insurance and Legal Claims

The RTA is, from time to time, involved in lawsuits arising in the ordinary course of its business. Management provides for a provision for claims when such amounts are known or can be estimated. The RTA is also exposed to various risks of loss related to torts, damage and destruction of assets, errors and omissions, and injuries to employees. The RTA is self-insured for general liability claims up to between \$500,000 and \$2,000,000 depending on the date of occurrence of the claim. Commercial insurance covers annual claims in excess of up to between \$5,000,000 and \$25,000,000 depending on the date of occurrence of the claim.

All accident and general liability claims and judgments for dates of loss from September 1, 2009 through July 31, 2012 are the responsibility of Transdev pursuant to the delegated management contract in effect during these periods. For dates subsequent to August 1, 2012, and prior to September 1, 2009, the RTA is responsible. Claim expenses and liabilities are reported when it is probable that the loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At December 31, 2025 and 2024, \$27,757,203 and \$20,326,207, respectively, for accrued general liability and small claims estimates were recorded to cover such claims. The long-term portion of this accrual at December 31, 2025 and 2024 was \$25,397,475 and \$17,420,748, respectively. The accruals, which are based upon experience with previous claims, the advice of counsel, and actuarial evaluation, are, in the opinion of management, sufficient to provide for all probable and reasonably estimable claim liabilities at December 31, 2025. It is the opinion of management, after conferring with legal counsel for the RTA, that several potential claims against the RTA have the reasonable possibility of an unfavorable outcome, with an estimated maximum possible liability to the RTA of approximately \$14,324,000 and \$13,086,000 at December 31, 2025 and 2024, respectively.

Changes in legal and small claims liability during the years ended December 31, 2025 and 2024 were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2025	\$ 20,326,207	\$ 11,781,832	\$ (4,350,836)	\$ 27,757,203
2024	22,928,173	1,020,937	(3,622,903)	20,326,207

Note 11 - Related Party Transactions

The RTA has a standing agreement with the City of New Orleans, Louisiana to provide mutually beneficial services (interagency agreement). The RTA offset \$1,200,000 in police and other services provided by the City against state parish transportation fund proceeds appropriated by the State of Louisiana in 2025 and 2024.

The members of the board of commissioners who were paid a per diem for the attendance at board and committee meetings in calendar years 2025 and 2024 are listed below. Some commissioners elect not to receive a per diem.

December 31, 2025 and 2024

Note 11 - Related Party Transactions (Continued)

The amounts paid to each commissioner for the year ended December 31, 2025 were as follows:

	Per Diem	Expense Reimbursement	Total
Louis Colin	\$ 1,950	\$ 833	\$ 2,783
Flozell Daniels	1,725	230	1,955
Mitch Guidry	1,800	-	1,800
Fred Neal	1,275	736	2,011
Timothy Sams	1,950	322	2,272
Arthur Walton	-	2,337	2,337
Total	<u>\$ 8,700</u>	<u>\$ 4,458</u>	<u>\$ 13,158</u>

The amounts paid to each commissioner for the year ended December 31, 2024 were as follows:

	Per Diem	Expense Reimbursement	Total
Mark Raymond Jr.	\$ 75	\$ -	\$ 75
Timolynn Sams	150	-	150
Timothy Coulon	150	-	150
Fred Neal, Jr.	150	333	483
Joseph Ewell Jr.	75	-	75
Total	<u>\$ 600</u>	<u>\$ 333</u>	<u>\$ 933</u>

Required Supplementary Information

Regional Transit Authority

Required Supplementary Information Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios Transit Management of Southeast Louisiana Retirement Income Plan

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Interest	\$ 10,142,088	\$ 10,708,664	\$ 11,209,443	\$ 11,608,326	\$ 12,165,651	\$ 11,610,357	\$ 12,871,234	\$ 12,663,909	\$ 12,756,532	\$ 13,457,817
Differences between expected and actual experience	(1,383,353)	(1,124,721)	(3,453,281)	(767,533)	(1,205,928)	(703,776)	(729,745)	193,679	(26,948)	(648,029)
Changes in assumptions	-	(2,386,838)	614,356	(848,840)	2,836,488	(18,735,380)	18,221,638	3,249,732	(3,454,577)	10,254,242
Benefit payments, including refunds	(15,126,815)	(15,455,277)	(15,593,721)	(15,786,841)	(15,743,306)	(16,175,028)	(16,439,659)	(16,934,533)	(16,756,577)	(16,877,431)
Net Change in Total Pension Liability	(6,368,080)	(8,258,172)	(7,223,203)	(5,794,888)	(1,947,095)	(24,003,827)	13,923,468	(827,213)	(7,481,570)	6,186,599
Total Pension Liability - Beginning of year	152,450,381	160,708,553	167,931,756	173,726,644	175,673,739	199,677,566	185,754,098	186,581,311	194,062,881	187,876,282
Total Pension Liability - End of year	\$ 146,082,301	\$ 152,450,381	\$ 160,708,553	\$ 167,931,756	\$ 173,726,644	\$ 175,673,739	\$ 199,677,566	\$ 185,754,098	\$ 186,581,311	\$ 194,062,881
Plan Fiduciary Net Position										
Net investment income (loss)	\$ 13,700,566	\$ 18,395,652	\$ (28,792,942)	\$ 25,082,227	\$ 26,643,349	\$ 33,453,063	\$ (6,677,907)	\$ 25,289,174	\$ 14,589,683	\$ 1,257,989
Administrative expenses	(2,147,629)	(1,879,234)	(1,972,199)	(1,903,761)	(1,759,271)	(1,732,059)	(1,743,128)	(1,818,134)	(1,710,340)	(1,826,776)
Benefit payments, including refunds	(15,126,815)	(15,455,277)	(15,593,721)	(15,786,841)	(15,743,306)	(16,175,028)	(16,439,659)	(16,934,533)	(16,756,577)	(16,877,431)
Net Change in Plan Fiduciary Net Position	(3,573,878)	1,061,141	(46,358,862)	7,391,625	9,140,772	15,545,976	(24,860,694)	6,536,507	(3,877,234)	(17,446,218)
Plan Fiduciary Net Position - Beginning of year	155,052,844	153,991,703	200,350,565	192,958,940	183,818,168	168,272,192	193,132,886	186,596,379	190,473,613	207,919,831
Plan Fiduciary Net Position - End of year	\$ 151,478,966	\$ 155,052,844	\$ 153,991,703	\$ 200,350,565	\$ 192,958,940	\$ 183,818,168	\$ 168,272,192	\$ 193,132,886	\$ 186,596,379	\$ 190,473,613
RTA's Net Pension (Asset) Liability - Ending	\$ (5,396,665)	\$ (2,602,463)	\$ 6,716,850	\$ (32,418,809)	\$ (19,232,296)	\$ (8,144,429)	\$ 31,405,374	\$ (7,378,788)	\$ (15,068)	\$ 3,589,268
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.69 %	101.71 %	95.82 %	119.30 %	111.07 %	104.64 %	84.27 %	103.97 %	100.01 %	98.15 %

There has been no covered payroll for any of the years shown above.

Regional Transit Authority

Required Supplementary Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017*	2016*
Actuarially determined contribution	\$ 3,987,454	\$ 4,431,191	\$ 2,905,479	\$ 3,191,869	\$ 6,182,019	\$ 9,955,481	\$ 12,552,446	\$ 11,229,807	\$ 9,250,439	\$ 5,799,714
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency	\$ (3,987,454)	\$ (4,431,191)	\$ (2,905,479)	\$ (3,191,869)	\$ (6,182,019)	\$ (9,955,481)	\$ (12,552,446)	\$ (11,229,807)	\$ (9,250,439)	\$ (5,799,714)

*Related to multiple plan years, includes adjustments for actual contribution timing required by ERISA for meeting the minimum funding requirements, does not include additional interest for late payment

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31 of the previous year

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Unit credit method for actuarily determined contributions
Amortization method	Level dollar
Remaining amortization period	All new bases are amortized over 15 years; effective period of 15 years remaining as of January 1, 2021
Asset valuation method	Gains and losses are spread over 2 years
Inflation	2.50 percent
Salary increase	N/A
Investment rate of return	7.00 percent
Mortality	Pri-2012 mortality tables (sex-specific, annuitant, and nonannuitant) with fully generational future mortality improvements projected using the Adjusted Scale MP-2021

Regional Transit Authority

Required Supplementary Information Schedule of Changes in the Total OPEB Liability and Related Ratios

	Last Nine Fiscal Years								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ -	\$ 270	\$ 245	\$ 11,673	\$ 9,964	\$ 11,083	\$ 8,670	\$ 21,186	\$ 21,186
Interest	140,624	144,139	204,306	154,120	148,302	184,706	293,338	313,400	359,248
Differences between expected and actual experience	775,637	-	(701,802)	20,029	1,725,501	215,614	(372,845)	(1,667,222)	1,019,469
Changes in assumptions	(143,413)	(479,568)	187,799	(964,410)	(390,104)	410,075	812,187	-	-
Administrative expense	-	-	(55,757)	(68,172)	(66,744)	(69,503)	(85,031)	(83,782)	(64,584)
Benefit payments, including refunds	(572,344)	(706,403)	(758,529)	(733,675)	(941,594)	(1,074,906)	(1,080,202)	(1,011,517)	(1,434,417)
Net Change in Total OPEB Liability	200,504	(1,041,562)	(1,123,738)	(1,580,435)	485,325	(322,931)	(423,883)	(2,427,935)	(99,098)
Total OPEB Liability - Beginning of year	3,729,967	4,771,529	5,895,267	7,475,702	6,990,377	7,313,308	7,737,191	10,165,126	10,264,224
Total OPEB Liability - End of year	\$ 3,930,471	\$ 3,729,967	\$ 4,771,529	\$ 5,895,267	\$ 7,475,702	\$ 6,990,377	\$ 7,313,308	\$ 7,737,191	\$ 10,165,126
Covered Payroll	\$ 1,238,593	\$ 1,608,722	\$ 1,561,866	\$ 2,133,426	\$ 2,071,287	\$ 3,683,463	\$ 3,541,761	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	317.33 %	231.86 %	305.50 %	276.33 %	360.92 %	189.78 %	206.49 %	N/A	N/A

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

December 31, 2025 and 2024

Pension Information

Changes in Assumptions

2025: No assumption changes.

2024: The mortality assumption was updated from the MP-2021 statutory funding mortality projection scale to the Pri-2012 mortality tables with adjusted scale MP-2021.

2023: The mortality assumption was updated from the MP-2020 statutory funding mortality projection scale to the MP-2021 statutory funding mortality projection scale. The assumed rate of inflation was increased from 2.30 percent to 2.50 percent.

2022: The mortality assumption was updated from the MP-2019 statutory funding mortality projection scale to the MP-2020 statutory funding mortality projection scale. The assumed rate of inflation increased from 2.10 percent to 2.30 percent.

2021: The mortality assumption was updated from the MP-2018 statutory funding mortality projection scale to the MP-2019 statutory funding mortality projection scale. The discount rate decreased from 7.25 percent to 7.00 percent.

2020: The mortality assumption was updated from the MP-2017 statutory funding mortality projection scale to the MP-2018 statutory funding mortality projection scale. The discount rate increased from 6.06 percent to 7.25 percent.

2019: The discount rate decreased from 7.25 percent to 6.06 percent. The mortality assumption was updated from the RP-2000 mortality tables with static projections to 2023 and 2031 to the MP-2017 statutory funding mortality projection scale.

2018: The discount rate increased from 7.11 percent to 7.25 percent.

2017: The discount rate increased from 6.87 percent to 7.11 percent.

2016: The discount rate decreased from 7.50 percent to 6.87 percent.

OPEB Information

Changes in Assumptions

2025: The assumed rate of inflation increased from 2.0 percent from 2.5 percent. The discount rate increased from 4.08 percent to 4.83 percent. The health care cost trend rate decreased from an initial trend of 6.0 percent to 5.5 percent.

2024: The discount rate changed from 3.26 percent to 4.08 percent. Health care cost trend assumptions were updated from a graded trend ranging from 4.5 percent to 5.5 percent to the Getzen health care trend model with an initial rate of 6.0 percent.

2023: The discount rate changed from 3.72 percent to 3.26 percent.

2022: The discount rate changed from 2.06 percent to 3.72 percent.

2021: The discount rate changed from 2.12 percent to 2.06 percent. The mortality assumption was updated from the RP-2000 mortality table to the RP-2014 mortality table. Health care trend assumptions were updated from a level 5.5 percent trend rate to a graded trend ranging from 4.5 percent to 5.5 percent.

2020: The discount rate changed from 2.74 percent to 2.12 percent.

2019: The discount rate changed from 4.10 percent to 2.74 percent.

Supplementary Information

Regional Transit Authority

Schedule of Changes in Restricted Asset Bond Accounts

Year Ended December 31, 2025

The following summarizes the activity in the 2020 Series trustee accounts:

	Revenue	Cost of Issuance	Reserve	Debt Service	Total
Beginning Balance - January 1, 2025	\$ 11,655	\$ -	\$ 4,477,402	\$ 6,976,923	\$ 11,465,979
Cash receipts					
Bond Sale	-	-	-	-	-
City CEA	-	-	-	-	-
Other payments from the CNO	7,689,529				7,689,529
Sales Tax Receipts	108,449,005	-	-	-	108,449,005
Interaccount Transfers		-		-	-
Transfer for principal and interest	(8,063,500)			8,063,500	-
Investment income	511		178,172	141,925	320,608
Total cash receipts	108,075,545	-	178,172	8,205,425	116,459,142
Cash disbursements					
Streetcar Projects			-	-	-
Unrealized loss			-	-	-
Realized loss			-	-	-
Sales Tax disbursements	(100,428,260)	-	-	-	(100,428,260)
Transfers of other payments	(7,658,940)	-		-	(7,658,940)
Expense payments	-	-	-	(8,029,884)	(8,029,884)
Total disbursements	(108,087,200)	-	-	(8,029,884)	(116,117,084)
Ending Balance - December 31, 2025	\$ -	\$ -	\$ 4,655,574	\$ 7,152,464	\$ 11,808,037

Regional Transit Authority

Schedule of Compensation, Benefits, and Other Payments to Agency Head

Year Ended December 31, 2025

Agency Head Name: Lona Hankins, Chief Executive Officer

Purpose	Amount
Salary	\$ 314,995
Benefits-health insurance	44,777
Benefits-retirement	88,940
Deferred compensation	-
Workers comp	-
Benefits-life insurance	2,514
Benefits-long term disability	-
Benefits-FICA & Medicare	15,656
Car allowance	15,600
Vehicle provided by government	-
Cell phone	540
Dues	-
Vehicle rental	-
Per diem	185
Reimbursements	-
Travel	-
Registration fees	1,914
Conference travel	4,125
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ 489,246

Regional Transit Authority

New Orleans, Louisiana

Federal Awards Supplemental Information

December 31, 2025

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-6

Schedule of Expenditures of Federal Awards	7
---	---

Notes to Schedule of Expenditures of Federal Awards	8
--	---

Schedule of Findings and Questioned Costs	9-12
--	------



Plante & Moran, PLLC
P.O. Box 307
3000 Town Center, Suite 100
Southfield, MI 48075
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

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

Independent Auditor's Report

To the Board of Directors
Regional Transit Authority
New Orleans, Louisiana

We have audited the financial statements of the Regional Transit Authority (RTA) as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the RTA's basic financial statements. We issued our report thereon dated September 28, 2026, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to September 28, 2026.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

September 28, 2026

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*

Independent Auditor's Report

To Management and the Board of Directors
Regional Transit Authority
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Regional Transit Authority (RTA) as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the RTA's basic financial statements, and have issued our report thereon dated September 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the RTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the RTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the RTA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the RTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Directors
Regional Transit Authority
New Orleans, Louisiana

The RTA's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the RTA's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The RTA's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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 RTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the RTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Plante & Moreau, PLLC

September 28, 2026

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Regional Transit Authority
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Regional Transit Authority's (RTA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the RTA's major federal program for the year ended December 31, 2025. The RTA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the RTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the RTA and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the RTA'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 RTA's federal program.

To the Board of Directors
Regional Transit Authority
New Orleans, Louisiana

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 RTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the RTA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 RTA'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 RTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the RTA'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.

To the Board of Directors
Regional Transit Authority
New Orleans, Louisiana

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Plante & Moreau, PLLC

September 28, 2026

Regional Transit Authority

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters - U.S. Department of Transportation -				
Direct Awards - Federal Transit Administration -				
Federal Transit Cluster:				
Federal Transit - Capital Investment Grants	20.500		\$ -	\$ 5,019
Federal Transit - Formula Grants	20.507		-	19,591,573
State of Good Repair Grants Program	20.525		-	5,985,379
Buses and Bus Facilities Formula Program and Discretionary Programs	20.526		-	6,184,533
Total clusters			-	31,766,504
Other federal awards - U.S. Department of Transportation:				
Public Transportation Emergency Relief Program	20.527		-	222,081
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		-	1,853
National Infrastructure Investments	20.933		-	14,203
Total other federal awards			-	238,137
Total federal awards			<u>\$ -</u>	<u>\$ 32,004,641</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Regional Transit Authority (RTA) under programs of the federal government for the year ended December 31, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the RTA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the RTA.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting for the year ended December 31, 2025. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The RTA has elected not to use the *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.500, 20.507, 20.525, and 20.526	Federal Transit Cluster	Unmodified

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

\$1,000,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2025

Section II - Financial Statement Audit Findings

Reference Number	Finding
2025-001	Finding Type - Significant deficiency Criteria - Per 2 CFR 200.510(b), the auditee must prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements, which must include the total federal awards expended, as determined in accordance with 2 CFR 200.502. Condition - Controls in place were not adequate to ensure the schedule of federal expenditures was complete and accurate. Context - During our testing of the RTA's schedule of expenditures of federal awards for the year ended December 31, 2025, we identified multiple significant adjustments that were made by the RTA. Specifically, certain expenditures were reported in the incorrect period, including amounts related to prior year costs, costs associated with goods not received until the subsequent fiscal year, and expenditures related to grants with preaward authority that had not yet been finalized. The SEFA also included a substantial negative expenditure intended to reflect funds returned for a prior year reimbursement, which was not appropriate for inclusion on the current year SEFA. Of the errors identified, \$1 million related to a transaction identified by management as goods received after the fiscal year. The RTA made the appropriate changes to the general ledger and initially added the transaction as a reconciling item on the SEFA instead of removing the expenditures from the SEFA. By initially including adjustments related to prior year activities and expenditures for which the RTA had preliminary approval but not an executed agreement, the RTA was being consistent with past practices. Beginning with the 2025 SEFA, these items are no longer being included. Gross adjustments made exceeded \$2 million, and the net change to the SEFA was approximately \$800,000. Cause - The RTA did not have adequate internal controls over the preparation and review of the SEFA to ensure that federal expenditures were reported in the proper fiscal year and reconciled to the underlying accounting records in a manner consistent with the basis of presentation used for the SEFA. Effect - As a result of the matters described above, the RTA's initial SEFA was misstated. Improper reporting of federal expenditures on the SEFA may affect the accuracy and completeness of federal award information presented in the single audit reporting package. In addition, misstatements in the SEFA may affect major program determination and the related audit procedures performed under the Uniform Guidance. Recommendation - Management should implement controls to ensure all federal funding received is properly identified as such and related expenditures are included on the SEFA.

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2025

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
	Views of Responsible Officials and Planned Corrective Actions - Agree: Management acknowledges that there have been deficiencies in processes relating to the preparation of the Schedule of Federal Awards (SEFA). In 2025, the grants team worked with the Federal Transit Administration on a return of funds for a drawdown for bus purchases. As a result, the staff attempted to report this transaction on the Schedule of Federal Awards (SEFA). Additionally, RTA accounting staff discovered that a purchase for rail repairs, included in the SEFA, was received after year end. This transaction was identified and reversed during the audit, but staff unintentionally neglected to submit a revised SEFA. Lastly, practices of including federal awards with pre-award authority were previously included in SEFA preparations. With a change in audit firms and updated guidance, those awards and associated expenditures are no longer included. We agree with the auditor's recommendations and will implement controls to ensure proper identification and inclusion on the SEFA, including monthly and annual grant reconciliations and adherence to the current guidance for the current 2026 calendar year.

Section III - Federal Program Audit Findings

Reference Number	Finding
Current Year	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2025

Findings Related to Compliance and Other Matters

Reference Number	Finding
2025-002	Finding Type – Noncompliance with Timely Submission of Audit Report to Legislative Auditor Criteria - In accordance with R.S. 24:513, any local auditee that receives public assistance of \$500,000 or more in revenues and other sources in any one fiscal year must be audited annually and the annual audit reporting package must be submitted to the Louisiana Legislative Auditor. The due date for the audit reporting package is six months after the organization's fiscal year end. Condition - The RTA did not meet the June 30, 2026 deadline for reporting to the Legislative Auditor. Prior to the June 30, 2026 deadline, the RTA requested and received an extension of time until August 31, 2026 from the Legislative Auditor to file its financial statements. The financial statements were not filed until late September 2026. Cause – In the months subsequent to the December 31, 2025 fiscal year end, the RTA worked through the onboarding of a new audit firm, a reconstituted board, a CEO transition, and a separate engagement with the Legislative Auditor's Office, in addition to maintaining ongoing operations and reporting requirements. Effect - The delay in closing the 2025 books and providing necessary information to the auditors resulted in the 2025 audit completion date being delayed. Recommendation - The RTA should implement a plan to ensure that year-end close out procedures are completed on a timely basis to allow sufficient time for the auditor to complete their procedures and meet future deadlines. Views of Responsible Officials and Planned Corrective Actions - We do not anticipate these occurrences to take place next year, which will allow the staff appropriate time to prepare and have a report issued by the deadline of June 30, 2027.



September 25, 2026

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Plante Moran
3000 Town Center, Suite 100
Southfield, MI 48075

Corrective Action Plan

Dear Sirs and Madams:

Please find the corrective action plan for **Findings to the Financial Statements:**

2025-001- Significant Deficiency: Preparation of Schedule of Expenditures

Corrective Action:

To correct the significant deficiency noted in the 2025 Single Audit report, the RTA has adopted procedures to ensure returns of federal funds, expenditures for goods and/or services received in future periods, and expenditures for awards not yet finalized are not included in the SEFA.

Findings Related to Compliance and Other Matters

2025-002- Timely submission of Audit Report to Legislative Auditor

Corrective Action:

The untimely submission of the FY25 audit report was largely due to the RTA soliciting and contracting with a new independent audit firm after being audited by the same firm for several reporting years. Business and process familiarization of new auditors to our agency and accounting system and transitioning services from our previous auditors; coupled with a new board of commissioners, a separate engagement with the



Legislative Auditor's Office and transition in leadership of the Chief Executive Officer during the audit period, has delayed the completion of this year's audit. We do not anticipate these occurrences to take place next year, which will allow the staff appropriate time to prepare and have a report issued by the deadline of June 30, 2027.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gizelle Johnson Banks".

Gizelle Johnson Banks
Chief Financial Officer

Independent Accountant's Report on Applying Agreed-upon Procedures

To the Board of Commissioners of the Regional
Transit Authority and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2025. Regional Transit Authority (RTA) management is responsible for those C/C areas identified in the SAUPs.

The Regional Transit Authority has agreed to the procedures performed and acknowledged that they are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended December 31, 2025. Additionally, LLA has agreed to the procedures performed and acknowledged that they are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the sufficiency of these procedures, either for the purpose intended or for any other purpose.

An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. Those procedures and findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures in effect during the fiscal year and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. **Budgeting:** Including preparing, adopting, monitoring, and amending the budget
Results: No exceptions were found as a result of applying the above procedure.
 - ii. **Purchasing:** Including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes
Results: Exception noted. Upon review of the Procurement Manual, the noted policy did not state how vendors are added to entity's vendor list.
 - iii. **Disbursements:** Including processing, reviewing, and approving
Results: No exceptions were found as a result of applying the above procedure.
 - iv. **Receipts/Collections:** Including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, and agency fund forfeiture moneys confirmation).
Results: No exceptions were found as a result of applying the above procedure.

- v. **Payroll/Personnel:** Including (1) payroll processing; (2) reviewing and approving time and attendance records, including leave and overtime worked; and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules
Results: No exceptions were found as a result of applying the above procedure.
- vi. **Contracting:** Including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Results: No exceptions were found as a result of applying the above procedure.
- vii. **Travel and Expense Reimbursement:** Including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Results: Exception noted. Upon review of the Travel and Expense Reimbursement Policy, the noted policy includes guidelines related to cost but does not include dollar thresholds by category of expense.
- viii. **Credit Cards (and Debit Cards, Fuel Cards, Purchase Cards, If Applicable):** Including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
Results: No exceptions were found as a result of applying the above procedure.
- ix. **Ethics:** Including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) a system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy
Results: No exceptions were found as a result of applying the above procedure.
- x. **Debt Service:** Including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements
Results: No exceptions were found as a result of applying the above procedure.
- xi. **Information Technology Disaster Recovery/Business Continuity:** Including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event
Results: Exception noted. Upon review of the IT Continuity of Operations Plan, the noted backups are stored in the cloud (not stored in separate physical location).
- xii. **Prevention of Sexual Harassment:** Including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting
Results: Exception noted. Upon review of the Prevention of Sexual Harassment Policy, the noted policy did not include external annual reporting requirements.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and perform the following:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of applying the above procedure.

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the General Fund; quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds; and semiannual budget-to-actual comparisons, at a minimum, on all special revenue funds.

Results: No exceptions were found as a result of applying the above procedure.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the General Fund. If the General Fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the General Fund.

Results: No exceptions were found as a result of applying the above procedure.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s) according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: Exception noted. Upon review of the 2025 Board of Commissioners meeting minutes, corrective actions related to the 2024 audit findings were not discussed.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete.

Results: The listing was obtained, and management represented that it was complete.

Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select five additional accounts (or all accounts if less than five). Randomly select 1 month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe the following:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged).

Results: No exceptions were found as a result of applying the above procedure.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks (as represented by management) has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged).

Results: Exception noted. A member of management who does handle cash, post ledgers, and issue checks reviewed the bank reconciliations selected for sampling.

- iii. Management has documentation (dated reports or correspondence) reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the above procedure.

4) Collections (Excluding Electronic Funds Transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Results: The listing was obtained, and management represented that it was complete.

To the Board of Commissioners of the Regional
Transit Authority and the Louisiana Legislative Auditor

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete.

Results: The listing was obtained, and management represented that it was complete.

Randomly select one collection location for each deposit site (e.g., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location as follows:

- i. Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the above procedure.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., prenumbered receipts) to the deposit.

Results: No exceptions were found as a result of applying the above procedure.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the above procedure.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the above procedure.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: No exceptions were found as a result of applying the above procedure.

- D. Randomly select two deposit dates for each of the five bank accounts selected for Bank Reconciliations procedure 3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and perform the following:

- i. Observe that receipts documenting each transaction are sequentially prenumbered.

Results: Step not applicable, as receipts are not issued for cash fares.

- ii. Trace sequentially prenumbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: Step not applicable, as receipts are not issued for cash fares.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the above procedure.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: No exceptions were found as a result of applying the above procedure.

- v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the above procedure.

5) Nonpayroll Disbursements (Excluding Card Purchases, Travel Reimbursements, and Petty Cash Purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Results: The listing was obtained, and management represented that it was complete.

- B. For each location selected under procedure 5A above, obtain a listing of those employees involved with nonpayroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated as follows:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.

Results: No exceptions were found as a result of applying the above procedure.

- ii. At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the above procedure.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: No exceptions were found as a result of applying the above procedure.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: Exception noted. The employee responsible for mailing checks is also involved in the processing of payments.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions were found as a result of applying the above procedure.

Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.

- C. For each location selected under procedure 5A above, obtain the entity's nonpayroll disbursement transaction population for the fiscal year (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and perform the following:

Results: The listing was obtained, and management represented that it was complete.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

Results: No exceptions were found as a result of applying the above procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure 5B above, as applicable.

Results: No exceptions were found as a result of applying the above procedure.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure 3A, randomly select five nonpayroll-related electronic disbursements as identified by management (or all electronic disbursements if less than five) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected, the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: Exception noted. Of the five sampled disbursements, one sample was not approved by a person authorized to disburse funds.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: The listing was obtained, and management represented that it was complete.

- B. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used for at least one purchase during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain monthly statement or other supporting documentation of review and perform the following:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported).

Results: No exceptions were found as a result of applying the above procedure.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were found as a result of applying the above procedure.

- C. Using the monthly statements or combined statements selected under procedure 6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a missing receipt statement that is subject to increased scrutiny.

Results: Exception noted. In one instance, the original itemized receipt was not maintained by RTA.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure 9C, identify those individuals who had access to cards and randomly select five terminated employees (or all terminated employees with card access if less than five) from this population. Observe evidence (a screenshot, confirmation from the card issuer, and/or a log/checklist) that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Results: No exceptions were found as a result of applying the above procedure.

7) Travel and Travel-related Expense Reimbursements (Excluding Card Transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete.

Results: The listing was obtained, and management represented that it was complete.

Randomly select five reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected, perform the following:

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov).

Results: No exceptions were found as a result of applying the above procedure.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the above procedure.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure 1A(vii).

Results: No exceptions were found as a result of applying the above procedure.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the above procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated, amended, or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete.

Results: The listing was obtained, and management represented that it was complete.

Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and perform the following:

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: No exceptions were found as a result of applying the above procedure.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Results: No exceptions were found as a result of applying the above procedure.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).

Results: Step not applicable, as none of the five sampled contracts were amended.

- iv. Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract related to scope and amount.

Results: No exceptions were found as a result of applying the above procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries from payroll system or paycheck and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of applying the above procedure.

- B. Randomly select one pay period during the fiscal period. For the five employees or officials selected under procedure 9A above, obtain attendance records and leave documentation for the pay period and perform the following:

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: No exceptions were found as a result of applying the above procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Results: No exceptions were found as a result of applying the above procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions were found as a result of applying the above procedure.

- iv. Observe the rate paid per the pay register to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the above procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: No exceptions were found as a result of applying the above procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll-related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of applying the above procedure.

10) Ethics

- A. Using the five randomly selected employees/officials from Payroll and Personnel procedure 9A, obtain ethics documentation from management and perform the following:

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year, as required by R.S. 42:1170.

Results: Exception noted. Documentation for one of the employees selected could not be provided to evidence completion of one hour of ethics training during the calendar year.

- ii. Observe whether the entity maintains documentation, which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: No exceptions were found as a result of applying the above procedure.

- B. Inquire and/or observe whether the agency has appointed an ethics designee, as required by R.S. 42:1170.

Results: No exceptions were found as a result of applying the above procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued, as required by Article VII, Section 8 of the Louisiana Constitution.

Results: No exceptions were found as a result of applying the above procedure.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions were found as a result of applying the above procedure.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled, as required by R.S. 24:523.

Results: No exceptions were found as a result of applying the above procedure.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the above procedure.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week of the date procedures are performed, (b) was not stored on the government's local server or network, and (c) was encrypted.

Results: We performed the procedure and discussed the results with management.

- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months of the date procedures are performed.

Results: We performed the procedure and discussed the results with management.

- C. Obtain a listing of the entity's computers currently in use and their related locations and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use as of the date of our procedures are currently supported by the vendor as evidenced by the vendor's support policy and/or the entity's contract with the vendor.

Results: We performed the procedure and discussed the results with management.

- D. Randomly select five terminated employees (or all terminated employees if less than five) using the list of terminated employees obtained in Payroll and Personnel procedure 9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management.

- E. Using the five randomly selected employees/officials from Payroll and Personnel procedure 9A, obtain cybersecurity training documentation from management and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training, as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - Completed the training
- Hired on or after June 9, 2020 - Completed the training within 30 days of initial service or employment

Results: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the five randomly selected employees/officials from Payroll and Personnel procedure 9A, obtain sexual harassment training documentation from management and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the most recently ended calendar year, as required by R.S. 42:343.

Results: Exception noted. Documentation for one of the employees selected could not be provided to evidence completion of one hour of sexual harassment training during the calendar year.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: No exceptions were found as a result of applying the above procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the following applicable requirements of R.S. 42:344:

Results: No exceptions were found as a result of applying the above procedure.

- i. Number and percentage of public servants in the agency who have completed the training requirements

Results: Exception noted. The percentage of public servants in the agency who have completed the training requirements and training for supervisors was included in the report but not the number.

- ii. Number of sexual harassment complaints received by the agency

Results: No exceptions were found as a result of applying the above procedure.

- iii. Number of complaints that resulted in a finding that sexual harassment occurred

Results: No exceptions were found as a result of applying the above procedure.

To the Board of Commissioners of the Regional
Transit Authority and the Louisiana Legislative Auditor

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action

Results: No exceptions were found as a result of applying the above procedure.

- v. Amount of time it took to resolve each complaint

Results: No exceptions were found as a result of applying the above procedure.

We were engaged by the Regional Transit Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Regional Transit Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Plante & Morse, PLLC

September 28, 2026



September 28, 2026

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Plante & Moran, PLLC
3000 Town Center, Suite 100
Southfield, MI 48075

RE: Management's Response to Statewide Agreed-Upon Procedures
Regional Transit Authority

Dear Sirs and Madams:

Please find the Management Response for Statewide Agreed Upon Procedures exceptions relating to Policies, Board/Finance Committee, Bank Reconciliations, Credit Cards, Non-Payroll Disbursements and Ethics and Prevention of Sexual Harassment training.

1a.) The agency is updating its Procurement and Travel manuals and Prevention of sexual harassment policy. These updates will include how vendors are added to our vendor list and the updated travel and expense reimbursement policy will include dollar thresholds by category of expense. The RTA will include external annual reporting requirements for the Prevention of Sexual Harassment policy and will evaluate its IT continuity of Operations Plan as it relates to physical backups.

2iv.) The Finance Committee agenda and reporting will be adjusted going forward to ensure that written updates to audit corrective actions are documented as discussed at each meeting.

3ii.) The Regional Transit Authority Bank reconciliations will be reviewed by a member of management who does not post ledgers.

5b.) Non payroll disbursement checks will be mailed by someone outside of the accounts payable department who is not involved in processing payments.

6a.) RTA will continue to ensure that proper back up for purchases are maintained in the form of original receipts. The agency was able to document that training that occurred for the one instance missing the original receipt.



10a.) The Regional Transit Authority will continue to ensure that employees have completed the required Ethics Training under R.S. 42:1170 and will keep documentation of all training that has occurred.

14a.) The Regional Transit Authority will continue to ensure that employees have completed the Prevention of Sexual Harassment Training and will keep documentation of all training that has occurred.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gizelle Johnson-Banks", is written over a light blue horizontal line.

Gizelle Johnson- Banks
Chief Financial Officer