

REGIONAL TRANSPORTATION AUTHORITY

CLOSE-OUT AUDIT OF CAPITAL GRANT
TO COMMUTER RAIL DIVISION (“METRA”)

CAPITAL GRANT CRD-2013-CRTASB

JUNE 30, 2016

REGIONAL TRANSPORTATION AUTHORITY

CAPITAL GRANT CRD-2013-CRTASB

JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of
the Board of Directors of
the Regional Transportation Authority

Report on Compliance With Grant Agreement Requirements

We have audited the Commuter Rail Division of the Regional Transportation Authority's ("Metra") compliance with the types of compliance requirements set forth in the attached Summary of Compliance Requirements that could have a direct and material effect on Capital Grant CRD-2013-CRTASB between Metra and the Regional Transportation Authority ("RTA"), as directed by RTA, for the defined scope period of July 1, 2014 to June 30, 2016.

Management's Responsibility

Management is responsible for the compliance with the requirements of the grant agreement and grant agreement amendments, if any, between Metra and the RTA applicable to grant CRD-2013-CRTASB.

Auditors' Responsibility

Our responsibility is to express an opinion on Metra's compliance based on our audit of compliance with the types of requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the attached Summary of Compliance Requirements as directed by the RTA. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Capital Grant CRD-2013-CRTASB occurred. An audit includes examining, on a test basis, evidence about Metra's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination on Metra's compliance with those requirements.

Opinion

In our opinion, Metra complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Capital Grant CRD-2013-CRTASB for the defined scope period July 1, 2014 to June 30, 2016.

To the Chairman and Members of the Board of Directors of
the Regional Transportation Authority

Report on Internal Control Over Compliance

The management of Metra is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Metra's internal control over compliance with the types of requirements that could have a direct and material effect on Capital Grant CRD-2013-CRTASB to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on Capital Grant CRD-2013 and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metra's 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement 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 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 first paragraph in this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of Metra's compliance with the types of compliance requirements described in the Summary of Compliance Requirements. And the results of that testing based on the requirements. Accordingly, this report is not suitable for any other purpose.

Restriction on Use

This report is intended solely for the information and use of the RTA's Management and Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchawwala, LLP

Oak Brook, Illinois
September 8, 2017

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of
the Board of Directors of
the Regional Transportation Authority

Report on the Schedule of Grant Costs Claimed for Reimbursement

We have audited the accompanying Schedule of Grant Costs Claimed for Reimbursement (the "Schedule") of Capital Grant CRD-2013-CRTASB for the defined scope period July 1, 2014 to June 30, 2016.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on this Schedule based on our audit for the defined scope period July 1, 2014 to June 30, 2016, as described in the Notes to the Schedule of Grant Costs Claimed for Reimbursement Capital Grant CRD-2013-CRTASB. We conducted our audit of the Schedule 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Chairman and Members of the Board of Directors of
the Regional Transportation Authority

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the grant costs claimed for reimbursement of Capital Grant CRD-2013-CRTASB for the defined scope period July 1, 2014 to June 30, 2016.

Basis of Accounting

As described in the accompanying Notes, this Schedule was prepared for the purpose of complying with terms set forth in the grant agreement between the RTA and Metra in Capital Grant CRD-2013-CRTASB and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of the RTA's Management and Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchawka Krause, LLP

Oak Brook, Illinois
September 8, 2017

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SUMMARY OF COMPLIANCE REQUIREMENTS CAPITAL GRANT CRD-2013-CRTASB

The following sections are the governing compliance requirements, as applicable to the grant close out audit, with respect to Capital Grant CRD-2013-CRTASB from July 1, 2014 through June 30, 2016:

General Terms and Conditions

Article II	- The Grantee's Commitment
Article III	- Capital Grant
Article IV	- Method of Funding
Article V	- Accomplishment of the Project(s)
Article VI	- Local Share Provisions
Article VII	- Project Administration and Management
Article VIII	- Requisition, Payment Procedures, and Record Keeping
Article X	- Settlement and Close-out
Article XI	- Procurement
Article XII	- Settlement of Third Party Contract Disputes or Breaches
Article XXII	- Amendment

Program Management Guidelines (March 21, 2002)

- I. Project Reporting
- II. Procurement Review
- III. Contract Change Orders
- IV. Real Property Procurements
- V. Use of Force Account
- VI. Ability to Defer to FTA

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SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT CAPITAL GRANT CRD-2013-CRTASB

For the period from July 1, 2014 to June 30, 2016

Project Element	Project Description	Budget	RTA Portion of Budget	Costs Claimed	RTA Portion of Questioned Costs
3189	Rehabilitate Glen Ellyn Station Parking --UPR West Line	\$ 71,810	\$ 14,362	\$ 14,362	\$ -
3558	Construct Fox Lake Station Parking -- MWD-North Line	250,000	50,000	50,000	-
3577	Expand Great Lakes Station Parking --UP-North Line	<u>349,000</u>	<u>69,800</u>	<u>69,800</u>	-
	Total	<u>\$ 670,810</u>	<u>\$ 134,162</u>	<u>\$ 134,162</u>	<u>\$ -</u>
	Costs Reimbursed as of June 30, 2016			<u>\$ 134,162</u>	
	Costs Claimed for Reimbursement during audit scope period of July 1, 2014 thorugh June 30, 2016			<u>\$ 69,800</u>	

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NOTES TO SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT CAPITAL GRANT CRD-2013-CRTASB

NOTE 1 – SUMMARY OF GRANT COSTS CLAIMED

Through a Grant Agreement dated August 6, 2013, the Regional Transportation Authority (“RTA”) granted the Commuter Rail Division of the Regional Transportation Authority (“Metra”) \$134,162 as its 20% local share for the capital improvement projects listed in the preceding Schedule of Grant Costs Claimed for Reimbursement. The Schedule of Grant Costs Claimed for Reimbursement includes the local share of amounts incurred for each project element and submitted to the RTA for reimbursement from project inception through June 30, 2016.

NOTE 2 – AUDIT SCOPE

RTA has defined the audit scope period for CRD-2013-CRTASB to only include activity occurring between July 1, 2014 and June 30, 2016, which totaled \$69,800 through June 30, 2016. The last requisition to the RTA from Metra prior to July 1, 2016 was dated June 30, 2015. According to the Metra, all project elements in this grant are closed and no additional amounts will be submitted to the RTA for reimbursement.