

Regional Transportation Authority

Close-Out Audit of
Additional Financial Assistance
Grant AFA-23-001-ILL

Period From July 1, 2022 to June 30, 2023

Regional Transportation Authority

Additional Financial Assistance

Grant AFA-23-001-ILL

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Independent Auditors' Report

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

Report on the Schedule of Grant Revenues and Expenditures

Opinion

We have audited the accompanying Schedule of Grant Revenues and Expenditures (the Schedule) of the Illinois Department of Transportation (IDOT) Grant AFA-23-001-ILL for the grant period from July 1, 2022 to June 30, 2023, and the related Notes.

In our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the grant revenues and expenditures of IDOT Grant AFA-23-001-ILL for the grant period from July 1, 2022 to June 30, 2023, in accordance with the terms set forth in Part Three of the agreement between the Regional Transportation Authority (RTA) and IDOT in Grant AFA-23-001-ILL.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant agreement requirements as directed by IDOT. Our responsibility under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule 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 relation to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

This Schedule was prepared for the purpose of complying with terms set forth in Part Three of the agreement between RTA and IDOT in Grant AFA-23-001-ILL, which is basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the basis of accounting described in the accompany Notes, and for determining that the basis is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards and the grant agreement requirements as directed by IDOT 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 Schedule.

In performing an audit in accordance with generally accepted auditing standards and the grant agreement requirements as directed by IDOT, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, 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 Schedule.
- 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 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 Schedule.

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.

Restriction on Use

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

Baker Tilly US, LLP

Oak Brook, Illinois
November 13, 2023

Independent Auditors' Report

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

Report on Compliance with Grant Agreement Requirements

Opinion on Compliance

We have audited the Regional Transportation Authority's (RTA) compliance with the types of compliance requirements set forth in Part Three of the Illinois Department of Transportation (IDOT) Grant AFA-23-001-ILL, as described in the Notes, applicable to RTA's Additional Financial Assistance (AFA) grant agreement between RTA and IDOT, as directed by IDOT, for the grant period from July 1, 2022 to June 30, 2023.

In our opinion, RTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on IDOT AFA-23-001-ILL for the grant period from July 1, 2022 to June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) and the grant agreement requirements as directed by IDOT. Our responsibilities under those standards and the grant agreement requirements as directed by IDOT are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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. Our audit does not provide a legal determination of 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 RTA's government programs.

Auditors' 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 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 and the grant agreement requirements as directed by IDOT 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 RTA's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS and the grant agreement requirements as directed by IDOT, 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 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 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 grant agreement requirements as directed by IDOT, but not for the purpose of expressing an opinion on the effectiveness of 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on compliance is solely to describe the scope of our testing of RTA's compliance and the results of that testing based on the grant agreement requirements as directed by IDOT. 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 IDOT and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly US, LLP

Oak Brook, Illinois
November 13, 2023

Regional Transportation Authority

Schedule of Grant Revenues and Expenditures

Additional Financial Assistance

Grant AFA-23-001-ILL

Period From July 1, 2022 to June 30, 2023

<u>Disbursement Month</u>	<u>Awarded Amount</u>	<u>Costs Claimed</u>	<u>Questioned Costs</u>
July 2022	\$ 8,104,700	\$ 8,104,700	\$ -
August 2022	8,104,700	8,104,700	-
September 2022	8,104,700	8,104,700	-
October 2022	8,104,700	8,104,700	-
November 2022	8,104,700	8,104,700	-
December 2022	8,104,700	8,104,700	-
January 2023	8,104,700	8,104,700	-
February 2023	8,104,700	8,104,700	-
March 2023	8,104,700	8,104,700	-
April 2023	8,104,700	8,104,700	-
May 2023	8,104,700	8,104,700	-
June 2023	8,104,700	8,104,700	-
Total	<u>\$ 97,256,400</u>	<u>\$ 97,256,400</u>	<u>\$ -</u>

See notes to schedule of grant revenues and expenditures

Regional Transportation Authority

Notes to Schedule of Grant Revenues and Expenditures

Additional Financial Assistance

Grant AFA-22-001-ILL

Period From July 1, 2022 to June 30, 2023

1. Summary of Grant Costs Claimed

Through a Grant Agreement dated October 10, 2022, the Illinois Department of Transportation (IDOT) granted the Regional Transportation Authority (RTA) \$97,000,000 for the purpose of facilitating debt service payments made by RTA to its bond payment agents as listed in the preceding Schedule of Grant Revenues and Expenditures, which covers the period from July 1, 2022 to June 30, 2023. Through an amended Grant Agreement date June 23, 2023, IDOT adjusted the granted amount to \$97,256,400.

2. Audit Scope

The agreement between IDOT and RTA has defined the period for the AFA grant to only include activity occurring between July 1, 2022 and June 30, 2023, which totaled \$97,256,400 through June 30, 2023. Part Three of the agreement stipulates that RTA may utilize grant funds for any legitimate and duly authorized expense, program, or other obligation incurred pursuant to RTA's general powers and duties, subject to the following limitations:

1. Grant funds are to be used for the purpose of making payments to authorized bond paying agents in order to facilitate annual debt service payments of RTA.
2. AFA grant funds may not be pledged, either directly or indirectly as general revenue of RTA or as security for any bonds issued by RTA; and
3. RTA should not assign its right to receive AFA funds or direct payment of any AFA funds to a trustee or any other entity for the payment of debt service on RTA's bonds.

Part Three of the agreement stipulates that the preceding Schedule of Grant Revenues and Expenditures be provided and certified that the AFA grant funds were expended for eligible purposes. According to the RTA, all project elements in this grant are closed and no additional amounts will be submitted to IDOT for reimbursement.