

**REGIONAL TRANSPORTATION AUTHORITY**

CLOSE-OUT AUDIT OF

ADDITIONAL FINANCIAL ASSISTANCE GRANT AFA-17-001-ILL

FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017

# REGIONAL TRANSPORTATION AUTHORITY

## ADDITIONAL FINANCIAL ASSISTANCE GRANT AFA-17-001-ILL

For the Period of July 1, 2016 through June 30, 2017

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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 Regional Transportation Authority's ("RTA") compliance with the types of compliance requirements set forth in Part Three of Illinois Department of Transportation ("IDOT") Grant AFA-17-001-ILL, as described in Note 2, that could have a direct and material effect on the Additional Financial Assistance ("AFA") grant agreement between RTA and IDOT, as directed by IDOT, for the grant period of July 1, 2016 to June 30, 2017.

### ***Management's Responsibility***

Management is responsible for the compliance with the requirements of the grant agreement and grant agreement amendments, if any, between IDOT and RTA that are applicable to IDOT Grant AFA-17-001-ILL.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on RTA'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 and the grant agreement requirements as directed by IDOT. 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 the IDOT Grant AFA-17-001-ILL. An audit includes examining, on a test basis, evidence about RTA'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 RTA's compliance with those requirements.

### ***Opinion***

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 the IDOT Grant AFA-17-001-ILL for the grant period July 1, 2016 to June 30, 2017.

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

### ***Report on Internal Control over Compliance***

The management of RTA 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 RTA's internal control over compliance with the types of requirements that could have a direct and material effect on IDOT Grant AFA-17-001-ILL to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on IDOT Grant AFA-17-001-ILL 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 RTA'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 RTA's compliance with the types of compliance requirements described in Part Three of the grant agreement between RTA and IDOT for Grant AFA-17-001-ILL 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 IDOT and is not intended to be, and should not be, used by anyone other than these specified parties.

*Baker Tilly Virchow Krause, LLP*

Oak Brook, Illinois  
August 21, 2018

## 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 Revenues and Expenditures (the "Schedule") of IDOT Grant AFA-17-001-ILL for the grant period of July 1, 2016 through June 30, 2017.

### ***Management's Responsibility***

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the terms set forth in Part Three of the agreement between RTA and IDOT in Grant AFA-17-001-ILL; this includes 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' Responsibility***

Our responsibility is to express an opinion on this Schedule based on our audit for the grant period of July 1, 2016 through June 30, 2017, as described in the Notes to the Schedule of Grant Revenues and Expenditures. We conducted our audit of the Schedule in accordance with auditing standards generally accepted in the United States of America. 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 revenues and expenditures of IDOT Grant AFA-17-001-ILL for the grant period of July 1, 2016 through June 30, 2017 in accordance with the terms set forth in Part Three of the agreement between RTA and IDOT in Grant AFA-17-001-ILL.

***Basis of Accounting***

As described in the accompanying Notes, 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-17-001-ILL 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 IDOT and is not intended to be, and should not be, used by anyone other than these specified parties.

*Baker Tilly Virchow Krause, LLP*

Oak Brook, Illinois  
August 21, 2018

# REGIONAL TRANSPORTATION AUTHORITY

## SCHEDULE OF GRANT REVENUES AND EXPENDITURES ADDITIONAL FINANCIAL ASSISTANCE GRANT GRANT AFA-17-001-ILL

FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017

<u>Disbursement Month</u>	<u>Awarded Amount</u>	<u>Costs Claimed</u>	<u>Questioned Costs</u>
July 2016	\$ 7,532,557	\$ 7,532,557	\$ -
August 2016	7,532,557	7,532,557	-
September 2016	7,532,557	7,532,557	-
October 2016	7,532,557	7,532,557	-
November 2016	7,532,557	7,532,557	-
December 2016	7,532,557	7,532,557	-
January 2017	7,532,557	7,532,557	-
February 2017	7,532,557	7,532,557	-
March 2017	7,532,557	7,532,557	-
April 2017	7,532,557	7,532,557	-
May 2017	7,532,557	7,532,557	-
June 2017	<u>7,532,594</u>	<u>7,532,594</u>	-
Total	<u>\$ 90,390,721</u>	<u>\$ 90,390,721</u>	<u>\$ -</u>

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## NOTES TO SCHEDULE OF GRANT REVENUES AND EXPENDITURES GRANT AFA-17-001-ILL

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### NOTE 1 – SUMMARY OF GRANT COSTS CLAIMED

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Through a Grant Agreement dated October 3, 2017, the Illinois Department of Transportation (“IDOT”) granted the Regional Transportation Authority (“RTA”) \$90,390,721 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 of July 1, 2016 through June 30, 2017.

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### NOTE 2 – AUDIT SCOPE

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The agreement between IDOT and RTA has defined the audit scope period for the AFA grant to only include activity occurring between July 1, 2016 and June 30, 2017, which totaled \$90,390,721 through June 30, 2017. 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.