

REGIONAL TRANSPORTATION AUTHORITY

CAPITAL GRANT CTA-039-92-9D-03

JUNE 30, 2010

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REGIONAL TRANSPORTATION AUTHORITY

CAPITAL GRANT CTA-039-92-9D-03

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INDEPENDENT AUDITORS' REPORT

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

Schedule of Grant Costs Claimed for Reimbursement

We have audited the accompanying Schedule of Grant Costs Claimed for Reimbursement ("Schedule") of Regional Transportation Authority ("RTA") funded Capital Grant CTA-039-92-9D to the Chicago Transit Authority ("CTA") as of June 30, 2010 and for the period from June 8, 1992 to June 30, 2010. This Schedule is the responsibility of the CTA's management. Our responsibility is to express an opinion on this Schedule based on our audit.

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 audits contained in *Government Auditing Standards*. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by CTA's management, as well as evaluating the overall Schedule presentation. We believe our audit provides a reasonable basis for our opinion.

As described in the accompanying Note, this Schedule was prepared for the purpose of complying with Article X, Settlement and Close-out, of the CTA-039-92-9D Grant Agreement and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Schedule of Grant Costs Claimed for Reimbursement of RTA Capital Grant CTA-039-92-9D referred to above presents fairly, in all material respects, the information set forth therein in accordance with the Grant Agreement described in the accompanying Note.

Compliance with the Grant Agreement

We have audited the CTA's compliance with the types of compliance requirements set forth in the attached Summary of Compliance Requirements that are applicable to the CTA-039-92-9D Grant Agreement between the CTA and the RTA, as directed by RTA, for the grant period of June 8, 1992 to June 30, 2010. Compliance with the requirements referred to above is the responsibility of the CTA's management. Our responsibility is to express an opinion on the CTA's compliance based on our audit.

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

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 could have a material effect on grant CTA-039-92-9D. An audit includes examining, on a test basis, evidence about the CTA'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. Our audit does not provide a legal determination on the CTA's compliance with those requirements.

In our opinion, the CTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on grant CTA-039-92-9D for the grant period June 8, 1992 to June 30, 2010.

Internal Control Over Compliance

The management of the CTA 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 the CTA's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on 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 the CTA's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected on a timely basis.

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, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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.

Balar Tilly Virchow Krause, LLP

Oak Brook, Illinois

July 21, 2011

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**SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT
CAPITAL GRANT CTA-039-92-9D-03**

For the period from June 8, 1992 to June 30, 2010

Project Element	Project Description	Budget	RTA Portion of Budget	Costs Claimed	RTA Portion of Questioned Costs
10345	Purchase Admin. Equip.	\$ 4,605	\$ 921	\$ 921	\$ -
10346	Purchase Equip. Medical	50,861	10,172	10,172	-
10352	Purchase Light Duty Vehicles	112,498	22,500	22,500	-
10374	Project Stores	-	-	-	-
10380	Update South Shops Plan	-	-	-	-
10381	Capital Project Study	40,000	8,000	8,000	-
10382	Capital EG Project Plan	156,224	31,245	31,245	-
10385	Contingencies	-	-	-	-
10386	Contingencies	-	-	-	-
10391	Support Services	84,553	16,911	16,911	-
	Total	<u>\$ 448,741</u>	<u>\$ 89,749</u>	<u>\$ 89,749</u>	<u>\$ -</u>
	Costs Reimbursed			<u>\$ 89,749</u>	

See accompanying note to this schedule.

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NOTE TO SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT CAPITAL GRANT CTA-039-92-9D-03

Through a Grant Agreement dated June 8, 1992, most recently amended on July 30, 2002, the Regional Transportation Authority ("RTA") granted the Chicago Transit Authority ("CTA") \$89,749 as its 20% local share for the capital improvement project 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 the project element through June 30, 2010 and submitted to the RTA for reimbursement. The last requisition to the RTA from CTA prior to July 1, 2010 was dated May 31, 1998. According to the CTA, all project elements in this grant are closed and no additional amounts will be submitted to the RTA for reimbursement.

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SUMMARY OF COMPLIANCE REQUIREMENTS CAPITAL GRANT CTA-039-92-9D-03

The following sections are the governing compliance requirements, as applicable to the grant close out audit with respect to Capital Grant CTA-039-92-9D-03 from June 8, 1992 through June 30, 2010:

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 (May 22, 1990, November 19, 1998, January 11, 2002, and March 21, 2002)

- I. Project Reporting
- II. Procurement Review
- III. Contract Change Orders
- V. Use of Force Account

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