
REGIONAL TRANSPORTATION AUTHORITY

CAPITAL GRANT CTA-2003-9SC2-05

JUNE 30, 2010

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Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Schedule of Grant Costs Claimed for Reimbursement	
Capital Grant CTA-2003-9SC2-05	3
Note to Schedule of Grant Costs Claimed for Reimbursement	
Capital Grant CTA-2003-9SC2-05	4
Summary of Compliance Requirements	
Capital Grant CTA-2003-9SC2-05	5

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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-2003-9SC2-05 to the Chicago Transit Authority ("CTA") as of June 30, 2010 and for the period from January 8, 2003 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-2003-9SC2-05 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-2003-9SC2-05 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-2003-9SC2-05 Grant Agreement between the CTA and the RTA, as directed by RTA, for the grant period of January 8, 2003 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.

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-2003-9SC2-05. 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.

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

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-2003-9SC2-05 for the grant period January 8, 2003 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.


Barbara Tully, Vice President, Oak Brook, Illinois
July 21, 2011

REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT CAPITAL GRANT CTA-2003-9SC2-05

For the period from January 8, 2003 to June 30, 2010

Project Element	Project Description	Budget	RTA Portion of Budget	Costs Claimed	RTA Portion of Questioned Costs
17293	Replace Buses	\$ 617,270	\$ 123,454	\$ 121,974	\$ -
17417	Replace Buses	2,411,802	482,360	482,360	-
17418	Replace Buses	6,250,000	1,250,000	1,250,000	-
18888	P/I Bus Components	2,505,187	501,037	501,037	-
18889	P/I Rail Car Components	2,150,998	429,162	429,162	-
18890	Implement Control Ctr Projects	1,166,000	233,200	159,551	-
18916	Implement Computer Sys	6,506,850	1,301,370	1,288,723	-
18917	Improve Facilities Systemwide	7,547,678	1,509,536	957,568	-
18934	Implement Security Projects	7,141,750	1,428,350	1,361,747	-
18936	Upgrade Loop Signals	3,822,603	764,521	755,276	-
18963	Rehab CTA Douglas Line	10,088,198	2,017,640	2,017,640	-
19508	Replace Buses	16,831,238	3,366,248	3,028,225	-
19526	Replace Buses	44,355,792	8,871,158	8,854,010	-
19558	Replace Buses	5,821,706	1,126,634	1,126,634	-
19575	Replace Buses	36,329,521	7,265,904	7,240,134	-
Total		<u>\$ 153,546,593</u>	<u>\$ 30,670,574</u>	<u>\$ 29,574,041</u>	<u>\$ -</u>
Costs Reimbursed				<u>\$ 29,574,041</u>	

See accompanying note to this schedule.

REGIONAL TRANSPORTATION AUTHORITY

NOTE TO SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT CAPITAL GRANT CTA-2003-9SC2-05

Through a Grant Agreement dated January 8, 2003, most recently amended on June 2, 2008, the Regional Transportation Authority ("RTA") granted the Chicago Transit Authority ("CTA") \$30,670,574 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 through September 30, 2008 and submitted to the RTA for reimbursement. The last requisition to the RTA from CTA prior to July 1, 2010 was dated June 4, 2010. According to CTA, the following projects are open as of June 30, 2010 and have the following status.

<u>Capital Grant</u>	<u>Project Element</u>	<u>Project Completion Date*</u>
CTA-2003-9SC2-05	7293	March 2011
CTA-2003-9SC2-05	8890	March 2011
CTA-2003-9SC2-05	8916	March 2011
CTA-2003-9SC2-05	8917	March 2011
CTA-2003-9SC2-05	8934	December 2010
CTA-2003-9SC2-05	8936	March 2011
CTA-2003-9SC2-05	9508	June 2011
CTA-2003-9SC2-05	9526	March 2011
CTA-2003-9SC2-05	9575	March 2011

*Project completion date refers to the date that the project element within this specific grant is expected to close.

REGIONAL TRANSPORTATION AUTHORITY

SUMMARY OF COMPLIANCE REQUIREMENTS CAPITAL GRANT CTA-2003-9SC2-05

The following sections are the governing compliance requirements, as applicable to the grant close out audit, with respect to Capital Grant CTA-2003-9SC2-05 from January 8, 2003 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 (March 21, 2002)

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

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