

REGIONAL TRANSPORTATION AUTHORITY

CAPITAL GRANT CRD-2006-LSCII

JUNE 30, 2010

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REGIONAL TRANSPORTATION AUTHORITY

CAPITAL GRANT CRD-2006-LSCII

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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 CRD-2006-LSCII to the Commuter Rail Division of the Regional Transportation Authority ("Metra") as of June 30, 2010 and for the period from September 13, 2006 to June 30, 2010. This Schedule is the responsibility of Metra'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 Metra'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 CRD-2006-LSCII 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 CRD-2006-LSCII 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 Metra's compliance with the types of compliance requirements set forth in the attached Summary of Compliance Requirements that are applicable to the CRD-2006-LSCII Grant Agreement between Metra and the RTA, as directed by RTA, for the grant period of September 13, 2006 to June 30, 2010. Compliance with the requirements referred to above is the responsibility of Metra's management. Our responsibility is to express an opinion on Metra'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 CRD-2006-LSCII. 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. Our audit does not provide a legal determination on Metra's compliance with those requirements.

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

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 grant CRD-2006-LSCII for the grant period September 13, 2006 to June 30, 2010.

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 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 Metra'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.

Baker Tully Vichow Krause, LLP

Oak Brook, Illinois
September 6, 2011

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SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT CAPITAL GRANT CRD-2006-LSCII

For the period from September 13, 2006 to June 30, 2010

Project Element	Project Description	Budget	RTA Portion of Budget	Costs Claimed	RTA Portion of Questioned Costs
2038	Renew Salt Creek Bridge	\$ 2,750,000	\$ 2,750,000	\$ 2,749,999	\$ -
3334	Purchase and Install Crossing Recorders	2,000,000	2,000,000	396,368	-
3439	Install Passenger Information Display Systems (PIDS)	3,000,000	3,000,000	2,962,595	-
3750	Acquire Land for Three New Commuter Coach Yards	2,000,000	2,000,000	12,205	-
3823	Upgrade Crossings (Road and Track)	2,000,000	2,000,000	2,000,000	-
3936	Install Coded Track Circuits Cable	2,000,000	2,000,000	1,384,288	-
3947	Improve 47th Street Yard (Partial \$)	2,000,000	2,000,000	1,993,154	-
4017	Replace Ties and Ballast	1,850,000	1,850,000	1,850,000	-
4018	Replace Ties and Ballast	5,400,000	5,400,000	5,390,472	-
4021	Replace Ties and Ballast	8,000,000	8,000,000	7,902,338	-
4024	Replace Ties and Ballast	3,800,000	3,800,000	3,800,000	-
4028	Replace 27th Street Pedestrian Bridge	1,000,000	1,000,000	1,000,000	-
4035	Rehabilitate Gresham Area Retaining Walls	1,500,000	1,500,000	1,500,000	-
4036	Rehabilitate Retaining Walls	1,500,000	1,500,000	1,465,543	-
4037	Rehabilitate Catenary Structure	750,000	750,000	651,742	-
4038	Replace Branch Signals - South Chicago	1,000,000	1,000,000	970,723	-
4074	Improve Station Platforms and Ramps (ADA)	1,950,000	1,950,000	1,719,901	-
Total		\$ 42,500,000	\$ 42,500,000	\$ 37,749,328	\$ -
Costs Reimbursed				\$ 37,749,328	

See accompanying note to this schedule.

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NOTE TO SCHEDULE OF GRANT COSTS CLAIMED FOR REIMBURSEMENT CAPITAL GRANT CRD-2006-LSCII

Through a Grant Agreement dated September 13, 2006, the Regional Transportation Authority ("RTA") granted the Commuter Rail Division of the Regional Transportation Authority ("Metra") \$42,500,000 as its 100% 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 the project elements through June 30, 2010 and submitted to the RTA for reimbursement. The last requisition to the RTA from Metra prior to July 1, 2010 was dated April 30, 2010. According to Metra, the following projects (which may include project elements in multiple grants) 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>
CRD-2006-LSCII	3334	March 2011
CRD-2006-LSCII	3439	July 2011
CRD-2006-LSCII	3750	December 2010
CRD-2006-LSCII	3936	October 2011
CRD-2006-LSCII	3947	December 2010
CRD-2006-LSCII	4021	June 2010**
CRD-2006-LSCII	4037	August 2010
CRD-2006-LSCII	4038	December 2010
CRD-2006-LSCII	4074	December 2011

*Date that the project element within this specific grant is expected to close.

**Project is in closeout status.

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SUMMARY OF COMPLIANCE REQUIREMENTS CAPITAL GRANT CRD-2006-LSCII

The following sections are the governing compliance requirements, as applicable to the grant close out audit, with respect to Capital Grant CRD-2006-LSCII from September 13, 2006 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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