

**Regional Transportation Authority
Northeastern Illinois**

**Compliance Examination
December 31, 2005**

**Performed as
Special Assistant Auditors
for the Auditor General,
State of Illinois**

Wolf & Company LLP
Certified Public Accountants

Regional Transportation Authority

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Regional Transportation Authority

Authority Officials

BOARD OF DIRECTORS

Chairman	James R. Reilly
Directors	Carole L. Brown Allan C. Carr Patrick J. Durante Armando Gomez, Sr. Dwight A. Magalis Mary M. McDonald Fred T. L. Norris Thomas H. Reece Patrick V. Riley, Jr. Michael Rosenberg Douglas M. Troiani Reverend Addie L. Wyatt

ADMINISTRATION

Executive Director	Stephen E. Schlickman
Senior Deputy Executive Director Finance and Administration	Joseph G. Costello
Senior Deputy Executive Director Strategic Planning and Regional Programs	Leanne P. Redden
Senior Deputy Executive Director Legal and Government Affairs	Andrew S. Gruber

AUTHORITY'S ADMINISTRATIVE OFFICES ARE LOCATED AT:

175 W. Jackson Boulevard
Suite 1550
Chicago, Illinois 60604
Main Phone Number: (312) 913-3200




July 6, 2006

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2100 Clearwater Drive
Oak Brook, Illinois 60523

We are responsible for the identification of and compliance with, all aspects of laws and regulations that could have a material effect on the operations of the Authority. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following assertions during the year ended December 31, 2005. Based on this evaluation, we assert that during the year ended December 31, 2005, the Authority has materially complied with the assertions below:

- A. The Authority has developed policies and procedures to identify, evaluate and monitor compliance with all applicable laws and regulations which have a material effect on operations.
- B. The Authority has obligated, expended, received and used revenues, grants and similar awards in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law or regulation upon obligation, expenditure, receipt or use.
- C. The Authority has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected and expended by the Authority are in accordance with applicable state and federal laws and regulations.



Agency Head



General Counsel



Chief Financial Officer

Regional Transportation Authority

Compliance Report
Year Ended December 31, 2005

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITOR'S REPORT

The Independent Accountants' Report on Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

	<u>This Report</u>	<u>Prior Report</u>
Findings	None	*
Repeated Findings	*	*
Prior Recommendations Implemented or Not Repeated	*	*

* This is the first compliance examination of the Authority conducted under the direction of the Office of the Auditor General in accordance with House Resolution No. 650.

SCHEDULE OF FINDINGS

The Regional Transportation Authority did not have any current year findings.

EXIT CONFERENCE

Authority management waived having an exit conference with the compliance auditors in correspondence dated January 22, 2007.



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Regional Transportation Authority's (Authority) compliance with the requirements listed below during the year ended December 31, 2005. The management of the Regional Transportation Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Regional Transportation Authority's compliance with these requirements based on our examination.

- A. The Authority has developed policies and procedures to identify, evaluate and monitor compliance with all applicable laws and regulations which have a material effect on operations.
- B. The Authority has obligated, expended, received and used revenues, grants and similar awards in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law or regulation upon obligation, expenditure, receipt or use.
- C. The Authority has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected and expended by the Authority are in accordance with applicable state and federal laws and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide* as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2005. As required by the *Audit Guide*, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Authority's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Audit Guide*, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have not applied procedures to the Supplementary Information for State Compliance Purposes and, accordingly, we do not express an opinion on the supplementary information.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

Wolf & Company LLP

Oak Brook, Illinois
July 6, 2006

Regional Transportation Authority

Schedule of Findings
Year Ended December 31, 2005

There were no current findings noted during the Compliance Examination for the year ended December 31, 2005.

Regional Transportation Authority

Supplementary Information for State Compliance Purposes
Year Ended December 31, 2005

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

Analysis of Operations

- Functions and Planning Program (not examined)
- Number of Employees (not examined)
- Service Efforts and Accomplishments (not examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have not applied procedures to the Supplementary Information for State Compliance Purposes and, accordingly, do not express an opinion thereon.

Regional Transportation Authority

Functions and Planning Program (Not Examined)
Year Ended December 31, 2005

The Regional Transportation Authority (RTA/Agency) is a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois as established in 1974 upon the approval of a referendum in its six-county northeastern Illinois region. In 1983, The Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning, funding and oversight entity.

The RTA Board of Directors consists of 13 Board members. Twelve directors are appointed from within the six-county region: four directors by the Mayor of the City of Chicago, a fifth director who is the chairperson of the CTA; four directors by the suburban members of the Cook County Board; two directors by the Chairmen of the County Boards of Kane, Lake, McHenry, and Will counties; and one director by the Chairman of the DuPage County Board. The Chairman of the Board, its 13th member, is elected by at least nine of the 12 appointed members.

The purpose and objectives of the Agency are:

- a) Serve as primary public body in the six-county region to secure funds for the six-county region's three public transit operators: the Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus.
- b) Responsible for the allocation of federal, state and local funds to finance both the operating and capital needs of public transportation in the region.
- c) Oversee planning issues that affect public transit in the six-county region.

The RTA is authorized to impose taxes in the region and issue debt. Among the RTA Board's primary responsibilities are to adopt an annual budget, a two-year financial plan, and a five-year capital program. In September, the RTA Board determines how much public funding the Service Boards should expect in developing their budgets, and establishes the level of operating expenses that must be covered by system-generated revenues (e.g., fares). This helps guide the Service Boards' budgetary process. After considering public comment, the CTA, Metra and Pace board members adopt their respective budgets. In November, those budgets are forwarded to the RTA, which consolidates the Agency and the Service Board budgets into a proposed RTA budget document. The RTA Board distributes this document for public hearing and comment before adoption in December.

Part of the RTA budget process involves the development of a five-year capital program, which details the nature, location and expense of planned capital improvements. The RTA emphasizes the need to maintain and enhance the public transportation infrastructure.

Regional Transportation Authority

Average Number of Employees (Not Examined)
Year Ended December 31, 2005

Number of Employees by Department

Executive Office	4
Communications	2
Legal & Governmental Affairs	3
Finance & Administration	33
Strategic Planning	<u>48</u>
Total	<u>90</u>

Regional Transportation Authority

Service Efforts and Accomplishments (Not Examined)
Year Ended December 31, 2005

The RTA through its Service Boards provides public transportation service to the City of Chicago and 230 suburban communities.

Total Ridership of the CTA, Metra and Pace Combined:	570 million unlinked trips per year
Total Passenger Miles:	3.6 billion (average trip length: 6.3 miles)
Total Vehicle Revenue Miles:	216 million

*Statistics are for the year 2004