

**Pace,  
The Suburban Bus Division  
of the  
Regional Transportation Authority**

**Compliance Examination  
December 31, 2005**

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

**Wolf & Company LLP**  
Certified Public Accountants

**Pace, the Suburban Bus Division of the  
Regional Transportation Authority**

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**Pace, the Suburban Bus Division of the  
Regional Transportation Authority**

Pace Officials

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**BOARD OF DIRECTORS**

Chairman

John J. Case

Directors

Central Suburban Cook County  
South Suburban Cook County  
Southwest Suburban Cook County  
Northwest Suburban Cook County  
DuPage County  
Will County  
North Central Suburban Cook County  
Kane County  
McHenry County  
North Shore Suburban Cook County  
Lake County

Richard F. Pellegrino  
Terry R. Wells  
Richard A. Kwasneski  
Al Larson  
Thomas D. Marcucci  
Frank C. Mitchell  
Anna Montana  
Jeffery D. Schielke  
Aaron T. Shepley  
Vernon T. Squires  
Richard Welton

**ADMINISTRATION**

Executive Director

Thomas J. Ross

Deputy Executive Director  
Internal Services

Terrance Brannon

Deputy Executive Director  
Revenue Services

Melinda J. Metzger

Deputy Executive Director  
Strategic Services

Michael Bolton

*PACE'S ADMINISTRATIVE OFFICES ARE LOCATED AT:*

550 West Algonquin Road  
Arlington Heights, Illinois 60005  
Main Phone Number: (847) 228-2300



**pace**

A Fresh Approach To Public Transportation

Thomas J. Ross  
**Executive Director**

June 15, 2006

Wolf & Company LLP  
Certified Public Accountants  
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 Pace. 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 Pace'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, Pace has materially complied with the assertions below:

- A. Pace 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. Pace 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. Pace 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 Pace are in accordance with applicable state and federal laws and regulations.

Thomas J. Ross, Executive Director

Ellen Champagne, General Counsel

Dominick Cuomo, Chief Financial Officer

**Pace, the Suburban Bus Division of the  
Regional Transportation Authority**

Compliance Report  
Year Ended December 31, 2005

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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 Pace conducted under the direction of the Office of the Auditor General in accordance with House Resolution No. 650.

SCHEDULE OF FINDINGS

Pace did not have any current year findings.

EXIT CONFERENCE

Pace management waived having an exit conference with the compliance auditors in correspondence dated January 16, 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 Pace, The Suburban Bus Division of the Regional Transportation Authority's (Pace) compliance with the requirements listed below during the year ended December 31, 2005. The management of Pace is responsible for compliance with these requirements. Our responsibility is to express an opinion on Pace's compliance with these requirements based on our examination.

- A. Pace 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. Pace 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. Pace 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 Pace 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 Pace'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 Pace's compliance with specified requirements.

In our opinion, Pace 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 Pace 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 Pace'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  
June 15, 2006

**Pace, the Suburban Bus Division of the  
Regional Transportation Authority**

Schedule of Findings  
Year Ended December 31, 2005

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



**Pace, the Suburban Bus Division of the  
Regional Transportation Authority**

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

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**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)
- Average 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.

## **Pace, the Suburban Bus Division of the Regional Transportation Authority**

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

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### ***Pace Functions***

Illinois State Law created the Regional Transportation Authority (“RTA”) as a fiscal and policy oversight agency for Northeastern Illinois. In 1974, the Act created the RTA as a unit of local government. In 1983, the Illinois General Assembly amended the RTA Act and reorganized the structure and funding of the Regional Transportation Authority. Three Service Boards were established, the Chicago Transit Authority (“CTA”); Metra, the Commuter Rail Division; and Pace, the Suburban Bus Division. Independent operations for Pace commenced on July 1, 1984.

Pace is responsible for providing non-rail public transportation throughout a six-county region that includes suburban Cook County and DuPage, Kane, Lake, McHenry and Will Counties. Pace provides fixed route bus services, paratransit ADA and Dial-Ride services and vanpools to communities within their six-county region.

### ***Agency Planning Program***

The governing body of Pace consists of a Board that is comprised of twelve directors. The suburban members of the Cook County Board appoint six directors that represent the six suburban regions that are outlined in the RTA Act. In addition, the Chairmen of DuPage, Kane, Lake, McHenry and Will Counties appoint one director for each of their counties. The Chairman of the Pace Board is appointed by a majority of the Chairmen of the DuPage, Kane, Lake, McHenry and Will County Boards and the suburban members of the Cook County Board of Commissioners.

The Executive Director is employed to administer and manage the organization. Seven departments report to the Executive Director as follows: General Counsel, Governmental Affairs, Organizational Development, Internal Audit, Internal Services, Revenues Services and Strategic Services. The Executive Director and key managers from these seven departments are responsible for the strategic, operational and financial planning of the agency. The Board is consulted and approves all major policy and planning initiatives.

Vision 2020 is a plan created by Pace designed to serve the needs of the residents in the region. The plan represents Pace’s blueprint for the future and calls for a network of new services, infrastructure improvements and a decrease in travel times. Specifically, the plan includes an evaluation of the present fixed-route structure, the creation of community-based services, the implementation of line-haul routes, and the development of transportation centers and other passenger facilities. By providing time and access to competitive transit services, this plan is expected to substantially improve mobility for all segments of the suburban population, assist communities in their pursuit of improved quality of life, and promote regional smart growth goals.

**Pace, the Suburban Bus Division of the  
Regional Transportation Authority**

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

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Average Number of Employees

Budgeted full-time equivalents for the last two years:

	<u>2005</u>	<u>2004</u>
General Administration	194	194
Vehicle Operations	947	946
Vehicle Maintenance	248	249
Non-Vehicle Maintenance	<u>23</u>	<u>23</u>
Total	<u>1,412</u>	<u>1,412</u>

**Pace, the Suburban Bus Division of the  
Regional Transportation Authority**

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

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Pace served 36.88 million passengers in 2005 reflecting a 7.3% increase from the 2004 ridership total of 34.36 million. Average weekday ridership in 2005 was 127,979 compared to 118,782 in 2004 which equated to a 7.8% increase. The Vanpool program also continued to grow with an 8.0% increase in ridership in 2005. The total number of vans on the road climbed from 478 to 596.

As part of Vision 2020, Pace continues to devote resources to a number of restructuring initiatives throughout the Region. Pace has been working with the CTA, Metra, and other transit providers to gather input from a number of different communities. The North Shore Initiative and the Fox Valley/Southwest DuPage Initiative were both completed in 2005. In late 2005, Pace began work on the South Cook/Will County Initiative. Service changes for this initiative could be implemented beginning in early 2007. In addition, Pace has a West Cook/DuPage/Elgin initiative planned for 2006 and 2007.

Pace continues to provide tools to make information more readily accessible for the public.

Pace introduced "WebWatch" and "Vanpool Finder" on their website. WebWatch gives riders real time information about how soon their bus will arrive. With the Vanpool Finder, potential riders can enter information regarding their work trip and the area in which they live to determine whether any existing vanpools have the same commute route. The site also provides information about starting a new vanpool.

In 2004, Pace completed the installation of their Intelligent Bus System ("IBS"). This "real time" system provides digital communication between bus operators and dispatchers. Each bus is tracked by satellite so locations and waiting times can be identified. The communication system includes a comprehensive emergency notification system. Pace riders receive automatic visual and verbal announcements of bus stops and landmarks. They also have access to immediate on-board transfer information for connection with other Pace buses. IBS also includes a monitoring system that records engine data and warns of mechanical problems. This system has improved efficiency and reduced waiting times.