

# **Bi-State Regional Commission**

Financial and Compliance Report  
June 30, 2011

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## Bi-State Regional Commission

### Representatives

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#### OFFICERS

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Mike Freemire, Chair  
Dennis Pauley, Secretary

Danny McDaniel, Vice Chair  
Carol Earnhardt, Treasurer

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#### COUNTY REPRESENTATIVES

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##### Henry County:

Tim Wells, Chair  
Dennis Anderson, Member

##### Rock Island County:

Jim Bohnsack, Chair  
Tom Rockwell, Member  
Elizabeth Sherwin, Citizen

##### Mercer County:

Maxine Henry, Chair

##### Scott County:

Tom Sunderbruch, Chair  
Carol Earnhardt, Member  
Larry Minard, Member  
Celia Rangel, Citizen

##### Muscatine County:

Dave Watkins, Chair  
Kas Kelly, Member

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#### MUNICIPAL REPRESENTATIVES

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##### City of Davenport:

Bill Gluba, Mayor  
Jason Gordon, Alderman  
Gene Meeker, Alderman  
Hap Volz, Citizen

##### City of Muscatine:

Dick O'Brien, Mayor

##### City of Kewanee:

Bruce Tossell, Mayor

##### City of Rock Island:

Dennis Pauley, Mayor  
Chuck Austin, Councilman

##### City of Silvis and Villages of Andalusia, Carbon Cliff, Coal Valley, Cordova, Hampton, Hillsdale, Milan, Oak Grove, Port Byron and Rapids City:

Ken Williams, Mayor, Carbon Cliff

##### City of Moline:

Don Welvaert, Mayor  
Sean Liddell, Alderman

##### Cities of Aledo, Colona, Galva, Geneseo and Villages of Alpha, Andover, Atkinson, Cambridge, New Boston, Orion, Sherrard, Viola, Windsor and Woodhull:

Danny McDaniel, Mayor, Colona

##### City of Bettendorf:

Mike Freemire, Mayor

##### City of East Moline:

John Thodos, Mayor

##### Cities of Blue Grass, Buffalo, Eldridge, Fruitland LeClaire, Long Grove, McCausland, Princeton, Riverdale, Walcott, West Liberty and Wilton:

Marty O'Boyle, Mayor, Eldridge

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#### DESIGNATED CONSTITUENCIES

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Cheryl Goodwin  
Ralph H. Heninger  
Nathaniel Lawrence  
Rick Schloemer

Bill Stoermer  
Jim Tank  
Rory Washburn



## Independent Auditor's Report

To the Commissioners  
Bi-State Regional Commission  
Rock Island, Illinois

We have audited the accompanying basic financial statements of the Bi-State Regional Commission (the "Commission"), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of June 30, 2011, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management discussion and analysis on pages 4 through 7 and other postretirement benefit plan, schedule of funding progress on page 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 5, 2011

## **Bi-State Regional Commission**

### **Management's Discussion and Analysis Year Ended June 30, 2011**

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#### **Introduction**

This section of Bi-State Regional Commission's (Commission) Financial and Compliance Report presents the Management's Discussion and Analysis of the Commission's financial performance during the fiscal year ended June 30, 2011. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the Commission's basic financial statements and the notes to the basic financial statements.

#### **Financial Highlights**

- The assets of the Commission exceeded liabilities as of June 30, 2011, by \$2,319,454. Of this amount, \$432,277 is unrestricted and may be used to meet the Commission's ongoing obligations in accordance with the Commission's designations and policies. As of June 30, 2010, assets exceeded liabilities by \$2,304,897; of this amount, \$459,018 was unrestricted.
- The Commission's total net assets increased by \$14,557, as compared to a decrease of \$28,675 in 2010.
- The Commission's total long-term liabilities increased by \$58,143.

#### **Overview of the Financial Statements**

The statement of net assets presents the assets, liabilities, and net assets of the Commission as of the end of the fiscal year and requires the classification of assets and liabilities into current and noncurrent categories. The difference between total assets and total liabilities is reflected in the net assets section that reflects net assets in three broad categories: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are one indicator of the current financial condition of the Commission, while the change in net assets is one indicator of whether the overall financial condition of the Commission has improved or deteriorated during the year.

The statement of revenues, expenses and changes in net assets presents the revenues and expenses that occurred during the fiscal year. Revenues and expenses are categorized as operating and nonoperating, and expenses are reported by natural classification.

The statement of cash flows presents the inflow and outflow of cash collected and disbursed by the Commission for the fiscal year. It separates the sources and uses of funds by the major categories of operating, capital and related financing, noncapital financing, and investing activities.

## Bi-State Regional Commission

### Management's Discussion and Analysis Year Ended June 30, 2011

#### Condensed Financial Information

Statement of Net Assets		
	2011	2010
Assets:		
Noncapital	\$ 3,232,475	\$ 3,100,367
Capital (net)	59,193	63,096
<b>Total assets</b>	<b>3,291,668</b>	<b>3,163,463</b>
Liabilities:		
Current	814,248	758,743
Noncurrent	157,966	99,823
<b>Total liabilities</b>	<b>972,214</b>	<b>858,566</b>
Net assets:		
Invested in capital assets	59,193	63,096
Restricted	1,827,984	1,782,783
Unrestricted	432,277	459,018
<b>Total net assets</b>	<b>\$ 2,319,454</b>	<b>\$ 2,304,897</b>

The Commission's investment in capital assets is 3 percent in 2011 and in 2010 of total net assets. Restricted net assets is 79 percent of total net assets for the 2011 fiscal year, and 77 percent for the 2010 fiscal year. The Commission's unrestricted net assets reflect approximately 18 percent of the Commission's net assets for the 2011 fiscal year, and 20 percent for the 2010 fiscal year.

The increase in total assets of \$14,557 from the 2010 fiscal year is due to an increase in cash from the Revolving Loan Fund and an increase in due from other governments primarily from the HSTP and United We Ride Mobility grants net of a decrease in notes receivable.

Current liabilities have increased \$55,505 from fiscal year 2010 due to an increase to accounts payable of \$69,349 for Energy Efficiency Community Block grant expenses, a decrease in accrued expenses in the amount of \$39,008, unearned revenue increasing by \$17,314 for revenues received but not earned at year-end. Noncurrent liabilities increased \$58,143 due to the accounting for OPEB liabilities.

**Bi-State Regional Commission**

**Management's Discussion and Analysis  
Year Ended June 30, 2011**

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Statement of Revenues, Expenses and Changes in Net Assets

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	<u>2011</u>	<u>2010</u>
Revenues:		
Operating:		
Federal grants	\$ 1,243,798	\$ 1,042,114
State grants and support	97,964	89,966
General support	377,875	377,058
Local	771,014	664,265
Interest on notes receivable	21,471	36,893
Other	936	3,758
Nonoperating income, interest	2,993	3,692
<b>Total revenues</b>	<u>2,516,051</u>	<u>2,217,746</u>
Expenses:		
Operating:		
Salaries	861,809	819,109
Fringe benefits	521,718	529,736
Indirect costs	233,960	253,331
OPEB expense	55,929	74,500
Printing	20,799	16,755
Travel and conference	22,093	11,772
Consultants	156,210	197,475
Direct program costs	618,145	308,429
Miscellaneous	24,440	27,378
Depreciation	22,191	22,936
Provision for doubtful loans	(35,800)	(15,000)
<b>Total expenses</b>	<u>2,501,494</u>	<u>2,246,421</u>
<b>Change in net assets</b>	14,557	(28,675)
Beginning net assets	2,304,897	2,333,572
<b>Ending net assets</b>	<u>\$ 2,319,454</u>	<u>\$ 2,304,897</u>

Operating revenues accounted for approximately 99 percent of total revenues, while nonoperating revenues accounted for the other 1 percent of the Commission's total revenues. Operating revenues consist primarily of federal and state programs, membership dues, Municipal Code Enforcement System and interest on revolving loans.

Overall, federal and state grants operating revenues have increased from prior years. In particular, the Energy Efficiency Community Block grant revenues were nearly \$273,000 of the overall increase.

Operating expenses are directly affected by the federal and state programs.

## **Bi-State Regional Commission**

### **Management's Discussion and Analysis Year Ended June 30, 2011**

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#### **Capital Assets**

The Commission's capital assets were \$217,518, net of accumulated depreciation of \$158,325, as of June 30, 2011 and \$223,126, net of accumulated depreciation of \$160,030 as of June 30, 2010. This decrease of \$3,903 is due to fewer purchases in an amount less than the current year depreciation. Depreciation expense was \$22,191. Acquisition of equipment was \$18,288. Further information on capital assets can be found in Note 3 to the basic financial statements.

#### **Long-Term Debt**

The Commission did not issue any new debt in the current year nor does the Commission have outstanding debt from prior years. Note 7 to the basic financial statements discloses information in regards to the Commission's noncurrent compensated absences liability.

#### **Economic Factors and Next Year's Budget**

Revenue from federal and state grants and support was \$1,341,762 in 2011, a \$209,682 increase from 2010, while revenues from general support and local sources was \$1,148,889, a \$107,566 increase from 2010.

Interest earned on notes receivable from the Commission's Revolving Loan Fund have remained relatively constant from year-to-year with interest rates ranging between 4.00 percent and 5.50 percent.

The following are factors that may affect the Commission over the next few years:

- Federal Highway Trust Fund solvency and transportation planning direction remains uncertain.
- The continuation of federal and state funds shrinking will increase the need for local contracting and funding.
- Continued increased costs of health insurance benefits could impact affordability.

All of these factors will be considered in preparing the Commission's budget for the June 30, 2012 fiscal year.

#### **Requests for Information**

This financial report has been prepared to provide the reader with an overview of the Commission's financial operations. If the reader would like additional information, please direct the request to Donna Moritz, Administration and Finance Director, 309.793.6302 extension 128.

## Bi-State Regional Commission

### Statement of Net Assets June 30, 2011

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#### Assets

##### Current:

Cash and cash equivalents	\$ 1,889,498
Receivables:	
Notes receivable, net	195,300
Due from other governments	512,262
Accounts receivable	164,117
Accrued interest receivable	3,095
Prepaid items	6,802
<b>Total current assets</b>	<b>2,771,074</b>

##### Noncurrent:

Equipment, net of accumulated depreciation of \$158,325	59,193
Notes receivable, net of allowance for doubtful notes of \$91,200	461,401
<b>Total noncurrent assets</b>	<b>520,594</b>
<b>Total assets</b>	<b>\$ 3,291,668</b>

#### Liabilities and Net Assets

##### Current liabilities:

Accounts payable	\$ 301,224
Accrued expenses	212,550
Compensated absences	97,633
Unearned revenue	202,841
<b>Total current liabilities</b>	<b>814,248</b>

##### Noncurrent liabilities:

Compensated absences	27,537
Other postemployment benefits	130,429
	157,966
<b>Total liabilities</b>	<b>972,214</b>

#### Net Assets

Invested in capital assets	59,193
Restricted for revolving loan program	1,827,984
Unrestricted	432,277
<b>Total net assets</b>	<b>2,319,454</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,291,668</b>

See Notes to Basic Financial Statements.

## Bi-State Regional Commission

### Statement of Revenues, Expenses and Changes in Net Assets Year Ended June 30, 2011

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Operating revenues:	
Federal grants	\$ 71,615
Federal grants, administered by state	988,929
Federal grants, administered by local government	183,254
State grants and support	97,964
General support	377,875
Local	771,014
Interest on notes receivable	21,471
Other	936
<b>Total operating revenues</b>	<u>2,513,058</u>
Operating expenses:	
Salaries	861,809
Fringe benefits	521,718
Indirect costs	233,960
Printing	20,799
Travel and conference	22,093
Consultant	156,210
Direct program costs	618,145
Miscellaneous	24,440
Depreciation	22,191
Other postemployment benefits	55,929
Provision for doubtful notes	(35,800)
<b>Total operating expenses</b>	<u>2,501,494</u>
<b>Operating income</b>	<u>11,564</u>
Nonoperating income, interest	<u>2,993</u>
<b>Change in net assets</b>	14,557
Net assets, beginning	2,304,897
Net assets, ending	<u>\$ 2,319,454</u>

See Notes to Basic Financial Statements.

## Bi-State Regional Commission

### Statement of Cash Flows Year Ended June 30, 2011

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Cash flows from operating activities:	
Receipts from members and grantors	\$ 2,546,694
Payments to vendors	(1,004,941)
Payments to employees	(1,412,471)
<b>Net cash provided by operating activities</b>	<u>129,282</u>
Cash flows from capital and related financing activities, acquisition of equipment	<u>(18,288)</u>
Cash flows from investing activities, interest received	<u>2,993</u>
<b>Net increase in cash and cash equivalents</b>	113,987
Cash and cash equivalents:	
Beginning	<u>1,775,511</u>
Ending	<u>\$ 1,889,498</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 11,564
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	22,191
Notes receivable originated	(100,000)
Collection of notes receivable	214,041
Provision for doubtful accounts	(35,800)
Decrease (increase) in:	
Accrued interest on notes receivable	7,199
Due from other governments	(100,651)
Accounts receivable	(4,267)
Prepaid items	1,357
Increase (decrease) in:	
Accounts payable	69,349
Accrued expenses	(39,008)
Compensated absences	10,064
Unearned revenue	17,314
Other postemployment benefits	55,929
<b>Net cash provided by operating activities</b>	<u>\$ 129,282</u>

See Notes to Basic Financial Statements.

## Bi-State Regional Commission

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

##### Nature of operations:

Bi-State Regional Commission is a regional council created to serve local governments and not-for-profits in Muscatine and Scott Counties in Iowa and Henry, Mercer and Rock Island Counties in Illinois. The primary objectives of the Commission are threefold:

1. To serve local governments in the Bi-State region.
2. To serve as a regional forum for intergovernmental cooperation.
3. To provide staff assistance and research in the areas of transportation, housing, environment, human services, land use, economic development, flood recovery and local government planning and management.

##### Reporting entity:

The financial report of the Commission includes all of the integral parts of the Commission's operations. Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and, (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Commission has the right to sue and be sued, and has the right to buy, sell or mortgage property in its own name. Based on this criteria, the Commission is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these financial statements.

##### Significant accounting policies:

Basis of accounting and measurement focus: The Commission uses the accrual basis of accounting and the economic resources measurement focus. Revenue is recognized when earned and expenses are recognized when the liability is incurred.

Revenue from grants, general support and similar programs is recognized when the Commission has done everything necessary to establish its right to the revenue.

The Commission is applying all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as following all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission has elected not to apply FASB guidance subsequent to November 30, 1989.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Bi-State Regional Commission

### Notes to Basic Financial Statements

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#### Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Cash and cash equivalents: For purposes of reporting cash flows, the Commission considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Equipment: Equipment is carried at cost, less accumulated depreciation computed on a straight-line basis over the equipment's estimated useful life of three to five years. The Commission capitalizes assets with an initial, individual cost of \$500 for nonfederal grant assets and \$5,000 for federal grant assets. Donated assets are recorded at the estimated fair value at the date of donation.

Accounts receivable: Accounts receivable mainly results from services provided to not-for-profit organizations and fines and fees paid by citizens.

Notes receivable: The Commission administers a Revolving Loan Fund to account for low interest economic development loans being made to qualifying entities within the private sector. As of June 30, 2011, the outstanding balance on these loans totaled \$656,701, net of an allowance for doubtful accounts of \$91,200, with interest rates ranging from 4 percent to 5.5 percent.

Unearned revenue: Resources that have been received but not earned are recorded as unearned revenue.

Operating and nonoperating revenues and expenses: Operating revenues result from exchange transactions of the Commission's activities including federal and state programs. Nonoperating revenues result from nonexchange transactions such as interest earnings. Expenses associated with operating the Commission are considered operating.

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Commission first applies restricted resources.

As of June 30, 2011, no debt is outstanding for the purchase of capital assets. Restricted net assets of \$1,827,984 are for the revolving loan program.

#### Note 2. Cash and Cash Equivalents

The Commission's cash and cash equivalents as of June 30, 2011, consists of the following:

Petty cash	\$	350
Checking accounts		15,342
Certificate of deposit		100,000
Money market savings accounts		1,773,806
	\$	<u>1,889,498</u>

The Commission's cash and cash equivalents during the year did not vary substantially from those at year-end in amounts or level of risk.

## Bi-State Regional Commission

### Notes to Basic Financial Statements

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#### Note 2. Cash and Cash Equivalents (Continued)

Interest rate risk: In accordance with the Commission's formal investment policy, the Commission is authorized to invest in short-term certificates of deposits and long-term money market certificates. The Commission did not own any investments as of June 30, 2011.

Credit risk: Statutes authorize the Commission to make deposits in federally insured banks, savings and loan associations or other financial institutions, and to invest available funds in the following types of depository accounts or investments:

- Securities of the U.S. Government or its Agencies
- Certificates of Deposit
- Passbook Savings Accounts
- Commercial Paper
- Illinois Funds Money Market Fund
- Repurchase Agreements
- Obligations of the Federal National Mortgage Association
- Bankers Acceptances

Concentration of credit risk: The Commission's formal investment policy attempts to allow flexibility, equality of opportunity and maximum interest yield on the Commission's investments.

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. As of June 30, 2011, the Commission's carrying amount of deposits totaled \$1,889,498 with the bank balance of \$1,891,249. Of the bank balance, \$391,630 was covered by federal depository insurance with the remaining \$1,499,619 insured by the state of Iowa through pooled collateral, State Sinking Funds and by the state of Iowa's ability to assess for lost funds. Therefore, as of June 30, 2011, the Commission had no deposits exposed to custodial credit risk.

#### Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2011:

	June 30, 2010	Additions	Deletions	June 30, 2011
Capital assets being depreciated:				
Equipment	\$ 223,126	\$ 18,288	\$ (23,896)	\$ 217,518
Accumulated depreciation	(160,030)	(22,191)	23,896	(158,325)
<b>Capital assets, net</b>	<b>\$ 63,096</b>	<b>\$ (3,903)</b>	<b>\$ -</b>	<b>\$ 59,193</b>

#### Note 4. Lease Commitment and Rent Expense

The Commission leases its office space and physical facilities from the County of Rock Island, Illinois under an agreement which is renewable annually. The total rent expense of the Commission for the year ended June 30, 2011 was \$55,421.

#### Note 5. Related Party Transactions

Due from other governments and operating revenues includes transactions with related parties. The Board of Commissioners of Bi-State is made up of individuals from participating governments. All transactions with participating governments would be considered related party transactions. Detail information related to these transactions can be found in the supplemental schedules following the basic financial statements.

## Bi-State Regional Commission

### Notes to Basic Financial Statements

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#### Note 6. Pension Plan

The Commission has a defined contribution pension plan covering substantially all employees who have completed 90 days of continuous service. The plan provides eligible employees with retirement and death benefits through a group annuity contract wherein all amounts are allocated to separate accounts by the insurer. The Commission contributes, on behalf of each of the employees who are members of the plan, an amount equal to 9 percent of their annual compensation. Members make mandatory pretax contributions to their accounts in the amount of 4½ percent of their annual compensation and are 100 percent vested on that portion. Commission contributions are 20 percent vested after three years and vest by an additional 20 percent for each year of service thereafter, and are 100 percent vested after seven years. The Commission's total payroll for the year ended June 30, 2011 was \$1,150,099 of which \$1,130,040 was covered under this plan. The total contributions and administrative costs incurred by the Commission, net of forfeitures, for the year ended June 30, 2011 was \$101,881. Employees contributed \$50,852 during fiscal year 2011. The plan assets are reported at fair value using quoted market prices.

#### Note 7. Deferred Compensation Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, available to all Commission employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

#### Note 8. Compensated Absences

Commission salaried employees working 20 hours or more per week accumulate sick leave hours at a rate of one hour for each 21 and ¾ hours of paid employment and may accumulate the hours up to a maximum of 130 working days. The Commission's sick leave policy states that, under certain circumstances, an employee may exchange two hours of sick leave accrued during the year for one hour of paid vacation leave provided the employee maintains at least 240 hours of sick leave. An employee who wishes to make an exchange must complete a form during the month of December. In no case shall an employee's sick leave transfer cause their balance to exceed the maximum accrual allowed for vacation time. Upon termination, employees receive no payment for the unused accumulated sick leave hours. The unvested sick leave represents a contingent liability of the Commission in the amount of approximately \$151,214 as of June 30, 2011. The compensated absences as of June 30, 2011, consist of accrued vacation.

	2010	Earned	Used	2011	Due Within One Year
Compensated absences	\$ 115,106	\$ 95,964	\$ 85,900	\$ 125,170	\$ 97,633

#### Note 9. Risk Management

The Commission is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; workers' compensation; and accidents. The Commission carries commercial insurance of which management believes is adequate to cover material risk to which the Commission is exposed. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

In addition, the Commission pays premiums to Rock Island County for employee health insurance through the County's self-insurance plan. Premiums paid to the County in fiscal year 2011 for health insurance were \$159,694 and in 2010 \$156,673. There were no additional premiums owed to the County for past claims as of June 30, 2011 and 2010.

## Bi-State Regional Commission

### Notes to Basic Financial Statements

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#### Note 10. Other Postemployment Benefits

Plan description: The Commission provides postretirement health care benefits to all Commission employees who retire after 20 years of service and have attained age 55. Upon retirement, all employees may elect to continue coverage under the Commission's group health and accident insurance. Currently, one retiree has maintained the Commission's group health and accident insurance coverage. The Plan does not issue a stand-alone financial report.

Funding policy: The Commission establishes and amends contribution requirements. The Commission pays approximately 87 percent of the pre-Medicare retirees' health insurance premiums for single coverage. For fiscal year 2011, the Commission contributed \$1,750. Active members receiving benefits have required monthly contributions of:

Coverage Type	Rate
Single	\$ 52.84
Single + One	118.92
Single + Two	156.68
Family	184.92

The current funding policy of the Commission is to pay on a pay-as-you-go basis.

Annual OPEB cost and net OPEB obligation: The Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Commission's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the Commission's annual OPEB obligation:

Annual required contribution	\$ 65,588
Interest on OPEB	3,725
Adjustments to ARC	(11,634)
Annual OPEB costs	57,679
Contributions and payments made	1,750
Increase in net OPEB obligation	55,929
Net OPEB obligation - July 1, 2010	74,500
Net OPEB obligation - June 30, 2011	\$ 130,429

## Bi-State Regional Commission

### Notes to Basic Financial Statements

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#### Note 10. Other Postemployment Benefits (Continued)

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2010 and the two preceding years follows. Fiscal year ended June 30, 2010 was the adoption year of GASB Statement No. 45.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 80,835	7.88%	\$ 74,500
June 30, 2011	57,679	3.03	130,429

Funded status and funding progress: As of June 30, 2011, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$715,513 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$715,513. The covered payroll (annual payroll of active employees covered by the plan) was \$1,022,977 and the ratio of the UAAL to the covered payroll was 69.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents only the initial year trend information.

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 actuarial valuation, entry age method was used. The actuarial assumptions included a 5 percent investment rate of return, which includes a 3 percent inflation assumption, and a healthcare inflation rate of 8 percent with an ultimate rate of 6 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The amortization of UAAL is over a period of 30 years.

#### Note 11. Current and Pending Pronouncements

The Commission implemented the following Governmental Accounting Standards Board (GASB) statement during the year ended June 30, 2011:

- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010. This Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The adoption of this Statement had no effect on the Commission in the current year.

## Bi-State Regional Commission

### Notes to Basic Financial Statements

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#### Note 11. Current and Pending Pronouncements (Continued)

The GASB has issued several statements not yet implemented by the Commission. The Statements which will impact the Commission are as follows:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued January 2010, will be effective for the Commission beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. GASB 57 amends GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.
- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the Commission beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the Commission beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the Commission beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

The Commission has not yet determined the impact these Statements will have on the financial statements.

**Bi-State Regional Commission**

**Required Supplementary Information  
Other Postemployment Benefit Plan**

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2010	6/30/10	\$ -	\$ 715,513	\$ 715,513	0%	\$ 963,153	74.3%
2011	6/30/10	-	715,513	715,513	0%	1,022,977	69.9%

Note: Fiscal year 2010 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of June 30, 2010. Additional information follows:

- a. The cost method used to determine the ARC is the Entry Age Actuarial Cost method.
- b. There are no plan assets.
- c. The actuarial assumptions included: 1) 5 percent investment rate of return with an inflation assumption of 3 percent and 2) a healthcare inflation rate of 8 percent with an ultimate rate of 6 percent.
- d. The amortization method is level percentage of pay on an open basis.

**Bi-State Regional Commission**

**Due From Other Governments**

**June 30, 2011**

Source	Project	Period	Project Amount
Illinois Department of Transportation	Transportation PL	10-11	\$ 41,875
Illinois Department of Transportation	Federal Transit	10-11	22,602
Illinois Department of Transportation	Federal Transit Non Urban HSTP	09-11	56,701
Illinois Department of Transportation	Federal Transit Non Urban HSTP/Mobility	09-11	58,722
Illinois Department of Transportation	Highway PL & Research Program	10-11	2,264
Iowa Department of Transportation	Transportation PL & Federal Transit	10-11	35,938
Iowa Department of Transportation	Regional Transit	10-11	14,995
Iowa Department of Economic Development	Heath Planning	10-11	5,666
Economic Development Administration	Technical Assistance	10-11	17,698
Emergency Telephone System Board of Rock Island County	Local Programs	10-11	48,319
City of Bettendorf	Transit Planner	09-11	42,243
City of Davenport	Transit Planner	10-11	1,450
City of Long Grove	Local Programs	10-11	3,600
City of East Moline	Local Programs	10-11	1,545
City of Rock Island	Local Programs	10-11	5,488
City of Silvis	CDAP Administration	10-11	4,530
Henry County	TICP	10-11	5,912
River Bend Transit	Transit Planner	10-11	1,005
Mercer County	Local Programs	10-11	1,900
Muscatine County	Local Programs	10-11	4,020
Rock Island County	Local Programs	10-11	14,762
Rock Island County Workforce Development Board	Board Support	10-11	4,396
Rock Island County Waste Management Agency	Local Programs	10-11	3,296
Scott County	Hazard Mitigation Plan	10-11	9,872
Scott County	Local Programs	10-11	1,463
Scott County Decategorization Program	Financial Management	10-11	72,782
Scott County Housing Council	Financial Management	10-11	2,689
Village of Carbon Cliff	Local Programs	10-11	2,440
Village of Windsor	CDAP Administration	10-11	1,124
Various under \$1,000 each and accrued at year-end	Various	10-11	22,965
			<u>\$ 512,262</u>

**Bi-State Regional Commission**

**Schedule of Indirect Costs  
Year Ended June 30, 2011**

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	Budget	Actual
Indirect labor costs, general administration	\$ 220,584	\$ 243,362
Indirect nonlabor costs:		
Supplies and materials	7,000	5,644
Postage	15,000	13,254
Telephone	5,500	4,063
Printing and technical reproduction	2,500	2,097
Equipment maintenance	18,000	10,795
Rent	55,421	55,421
Travel, conferences and registration fees	3,000	1,420
Automobile expense	4,500	3,591
Equipment, furniture and fixtures	2,500	3,263
Legal, accounting and other professional fees	26,000	21,968
Library subscriptions	4,071	3,582
Memberships and dues	699	500
Insurance and bonding	15,000	12,902
Use allowance	22,500	20,340
Recruiting	1,250	-
Miscellaneous	200	73
<b>Total indirect nonlabor costs</b>	<u>183,141</u>	<u>158,913</u>
<b>Total indirect costs</b>	<u>\$ 403,725</u>	402,275
Indirect cost allocation (at a rate of 26%)		<u>338,346</u>
Under allocated indirect costs, current year		63,929
Total (over) allocated, prior years		<u>(91,279)</u>
<b>Included in accrued expenses</b>		<u>\$ (27,350)</u>

**Bi-State Regional Commission**

**Schedule of Fringe Benefits**

**Year Ended June 30, 2011**

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	Budget	Actual
Vacation earned	\$ 94,151	\$ 95,964
Sick pay taken	38,114	36,181
FICA	88,683	85,716
Unemployment	4,225	2,674
Health insurance	184,304	159,694
Retirement	108,933	101,881
Life and LTD insurance	12,158	10,708
Auto allowance	5,040	5,040
Educational reimbursement	3,000	1,000
<b>Total fringe benefits</b>	<u>\$ 538,608</u>	498,858
Fringe benefit allocation (at a rate of 51%)		<u>521,718</u>
(Over) allocated fringe benefits		(22,860)
Total (over) allocated, prior years		(91,231)
<b>Included in accrued expenses</b>		<u>\$ (114,091)</u>

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

Primary Grantor Agency	Illinois Department of Transportation	
Fund Title	Federal Transit Nonurban Area Formula Grant	
Project Period	Year Ended June 30, 2011	Cumulative
Revenue, general support	\$ -	\$ -
Revenue, federal grants administered by state	84,438	99,688
<b>Total revenue</b>	84,438	99,688
Expenditures:		
Salaries	40,917	47,946
Fringe benefits	20,867	24,733
Printing	104	112
Travel and conference	1,959	2,001
Indirect costs	16,063	19,114
Consultant	3,325	4,156
Direct Program Costs	1,053	1,053
Miscellaneous	150	573
<b>Total expenditures</b>	84,438	99,688
<b>Revenue over expenditures</b>	\$ -	\$ -
Participation in costs by primary grantor		100%
Grant contract		\$ 260,600
Grant participation permissible		\$ 99,688
Grant funds received		-
Grant funds not yet received		99,688
<b>Grant funds returned</b>		\$ -
Status		Incomplete

Illinois Department of Transportation

Highway Planning and Research Program		Highway Planning and Construction		Federal Transit Technical Study	
Year Ended June 30, 2011	Cumulative	Year Ended June 30, 2011	Year Ended June 30, 2011	Year Ended June 30, 2011	Year Ended June 30, 2011
\$ 906	\$ 1,034	\$ 63,036	\$ 18,007		
3,627	4,136	252,144	72,028		
4,533	5,170	315,180	90,035		
2,354	2,675	159,131	46,217		
1,200	1,377	81,157	23,570		
29	28	5,435	589		
26	27	5,576	353		
924	1,063	62,475	18,145		
-	-	-	-		
-	-	-	-		
-	-	1,406	1,161		
4,533	5,170	315,180	90,035		
\$ -	\$ -	\$ -	\$ -		
	80%	80%	80%		
\$ 32,000	\$ 267,773	\$ 72,042			
\$ 4,136	\$ 252,144	\$ 72,028			
1,872	210,269	49,426			
2,264	41,875	22,602			
\$ -	\$ -	\$ -			
Incomplete	Complete	Complete			

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	Iowa Department of Transportation	
Fund Title	Clean Air Attainment Program	
Project Period	Year Ended June 30, 2011	Cumulative
Revenue, general support	\$ (6,291)	\$ 643
Revenue, federal grants administered by state	22,262	50,000
<b>Total revenue</b>	15,971	50,643
Expenditures:		
Salaries	-	5,399
Fringe benefits	-	2,969
Printing	818	2,667
Travel and conference	57	327
Indirect costs	-	2,343
Direct program costs	15,096	36,938
Miscellaneous	-	-
<b>Total expenditures</b>	15,971	50,643
<b>Revenue over expenditures</b>	\$ -	\$ -
Participation in costs by primary grantor		100%
Grant contract		\$ 50,000
Grant participation permissible		\$ 50,000
Grant funds received		50,000
Grant funds not yet received		-
<b>Grant funds returned</b>	\$ -	-
Status		Complete

Iowa Department of Transportation

Highway Planning and Construction	Federal Transit Technical Study	Intermodal Transportation For Nonurbanized Areas
Year Ended June 30, 2011	Year Ended June 30, 2011	Year Ended June 30, 2011
\$ 46,495	\$ 12,918	\$ 10,910
185,965	51,672	43,113
<u>232,460</u>	<u>64,590</u>	<u>54,023</u>
117,810	33,659	27,697
60,083	17,166	14,126
3,700	142	463
3,607	243	863
46,252	13,214	10,874
-	-	-
1,008	166	-
<u>232,460</u>	<u>64,590</u>	<u>54,023</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
80%	80%	80%
<u>\$ 198,787</u>	<u>\$ 51,672</u>	<u>\$ 43,113</u>
\$ 185,965	\$ 51,672	\$ 43,113
155,521	46,178	28,118
30,444	5,494	14,995
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Complete	Complete	Complete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

Primary Grantor Agency	Rock Island County		
	Tactical Interoperability Communication Plan		Workforce Development Board
Fund Title			
Project Period	Year Ended June 30, 2011	Cumulative	Year Ended June 30, 2011
Revenue, general support			
Revenue, federal grants administered by local governments	\$ 9	\$ 9	\$ -
	3,328	32,350	19,462
<b>Total revenue</b>	<b>3,337</b>	<b>32,359</b>	<b>19,462</b>
Expenditures:			
Salaries	1,753	15,606	5,546
Fringe benefits	894	8,513	2,828
Printing	1	87	31
Indirect costs	689	6,701	2,177
Consultant	-	1,452	-
Direct program costs	-	-	8,880
<b>Total expenditures</b>	<b>3,337</b>	<b>32,359</b>	<b>19,462</b>
<b>Revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Participation in costs by primary grantor		100%	100%
Grant contract		\$ 32,350	\$ 20,000
Grant participation permissible		\$ 32,350	\$ 19,462
Grant funds received		32,350	15,066
Grant funds not yet received		-	4,396
<b>Grant funds returned</b>		<b>\$ -</b>	<b>\$ -</b>
Status		Complete	Complete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

Primary Grantor Agency	Local Government	
	Local Technical Services	General Local Support
Fund Title	Year Ended June 30, 2011	Year Ended June 30, 2011
Revenue, general support	\$ -	\$ 159,434
Revenue, state grants & support	21,999	-
Local	185,281	94,810
Other	-	936
<b>Total revenue</b>	<b>207,280</b>	<b>255,180</b>
Expenditures:		
Salaries	100,009	67,400
Fringe benefits	51,005	34,374
Printing	857	2,342
Travel and conference	96	4,714
Indirect costs	39,264	26,461
Consultant	15,222	94,000
Direct program costs	-	271,841
Miscellaneous	166	4,258
<b>Total expenditures</b>	<b>206,619</b>	<b>505,390</b>
<b>Revenue over (under) expenditures</b>	<b>\$ 661</b>	<b>\$ (250,210)</b>
Status	Complete	Complete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

	Economic Development Administration	
Primary Grantor Agency		
	Planning Assistance	
Fund Title		
	Year Ended	
Project Period	June 30, 2011	Cumulative
Revenue, general support	\$ 71,629	\$ 190,086
Revenue, federal grants	71,615	190,073
Revenue, state grants and support	-	-
<b>Total revenue</b>	143,244	380,159
Expenditures:		
Salaries	61,831	160,396
Fringe benefits	31,534	84,223
Printing	2,293	6,658
Travel and conference	2,517	6,058
Indirect costs	24,275	68,939
Consultant	7,689	22,539
Direct Program Costs	-	-
Miscellaneous	13,105	31,346
<b>Total expenditures</b>	143,244	380,159
<b>Revenue over expenditures</b>	\$ -	\$ -
Participation in costs by primary grantor		50%
Grant contract		\$ 190,073
Grant participation permissible		\$ 190,073
Grant funds received		172,375
Grant funds not yet received		17,698
<b>Grant funds returned</b>		\$ -
Status		Complete

Iowa Department  
of Economic Development

COG Technical	West Liberty & Wilton Healthy Iowans Admin
Year Ended June 30, 2011	Year Ended June 30, 2011
\$ -	\$ 3
-	-
10,294	16,425
10,294	16,428
5,261	3,952
2,683	2,016
15	21
241	63
2,065	1,552
-	-
-	8,824
29	-
10,294	16,428
\$ -	\$ -
100%	100%
\$ 10,294	\$ 29,433
\$ 10,294	\$ 16,425
8,628	13,333
1,666	3,092
\$ -	\$ -
Complete	Incomplete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	<u>Local Government</u>
Fund Title	<u>Municipal Code Enforcement System</u>
Project Period	<u>Year Ended June 30, 2011</u>
Revenue, local	<u>\$ 435,078</u>
Expenditures:	
Salaries	64,332
Fringe benefits	32,809
Printing	2,214
Indirect costs	25,257
Consultant	35,974
Miscellaneous	2,651
<b>Total expenditures</b>	<u>163,237</u>
<b>Revenue over expenditures</b>	<u>\$ 271,841</u>
Status	Complete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	Department of Energy	
Fund Title	Community Action of Eastern Iowa	
Project Period	Year Ended June 30, 2011	Cumulative
Revenue, federal grants administered by state	\$ -	\$ -
Revenue, federal grants administered by local governments	6,639	13,970
<b>Total revenue</b>	6,639	13,970
Expenditures:		
Salaries	3,466	7,123
Fringe benefits	1,768	3,779
Printing	44	97
Travel	-	-
Indirect costs	1,361	2,948
Direct program costs	-	-
Miscellaneous	-	23
<b>Total expenditures</b>	6,639	13,970
<b>Revenue over expenditures</b>	\$ -	\$ -
Participation in costs by primary grantor		100%
Grant contract		\$ 36,002
Grant participation permissible		\$ 13,970
Grant funds received		9,630
Grant funds not yet received		4,340
<b>Grant funds returned</b>		\$ -
Status		Incomplete

Department of Energy

Scott County Sustainability Plan		ILARC EECBG Admin	
Year Ended June 30, 2011	Cumulative	Year Ended June 30, 2011	Cumulative
\$ -	\$ -	\$ 273,680	\$ 280,826
19,091	25,000	-	-
19,091	25,000	273,680	280,826
9,960	12,933	6,714	10,235
5,080	6,715	3,424	5,361
141	152	109	228
-	-	50	76
3,910	5,200	2,636	4,164
-	-	260,747	260,747
-	-	-	15
19,091	25,000	273,680	280,826
\$ -	\$ -	\$ -	\$ -

100%	100%
<u>\$ 25,000</u>	<u>\$ 467,226</u>
\$ 25,000 25,000	\$ 280,826 280,826
<u>\$ -</u>	<u>\$ -</u>
Complete	Incomplete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	Economic Development Administration
Fund Title	Revolving Loan Fund
Project Period	Year Ended June 30, 2011
Revenue, program income interest	<u>\$ 21,471</u>
Expenditures:	
Salaries	6,004
Fringe benefits	3,062
Printing	56
Travel	251
Indirect costs	2,357
Bad debts	(35,800)
Miscellaneous	340
<b>Total expenditures</b>	<u>(23,730)</u>
<b>Revenue over expenditures</b>	<u><u>\$ 45,201</u></u>
Status	Incomplete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	<u>Local Government</u>
Fund Title	<u>Rock Island County Waste Management Agency</u>
Project Period	<u>Year Ended June 30, 2011</u>
Revenue, local	<u>\$ 38,885</u>
Expenditures:	
Salaries	19,766
Fringe benefits	10,081
Printing	368
Travel and conference	910
Indirect costs	<u>7,760</u>
<b>Total expenditures</b>	<u>38,885</u>
<b>Revenue over expenditures</b>	<u><u>\$ -</u></u>
Status	Complete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	Federal Transit Administration
Fund Title	Iowa QC Transit Planner
Project Period	Year Ended June 30, 2011
Revenue, federal grants administered by local governments	\$ 67,841
Revenue, local	16,960
<b>Total revenue</b>	<u>84,801</u>
Expenditures:	
Salaries	43,670
Fringe benefits	22,272
Printing	49
Travel and conference	127
Indirect costs	17,145
Direct program costs	1,538
<b>Total expenditures</b>	<u>84,801</u>
<b>Revenue over expenditures</b>	<u>\$ -</u>
Participation in costs by primary grantor	80%
Grant contract	<u>\$ 80,283</u>
Grant participation permissible	\$ 67,841
Grant funds received	51,183
Grant funds not yet received	16,658
<b>Grant funds returned</b>	<u>\$ -</u>
Status	Complete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

Primary Grantor Agency	Iowa Department of Homeland Security
Fund Title	Muscatine County Hazard Mitigation Plan
Project Period	Year Ended June 30, 2011
Revenue, federal grants administered by local governments	Cumulative \$ 60,591
Expenditures:	
Salaries	2,525
Fringe benefits	1,288
Printing	724
Travel	91
Indirect costs	991
<b>Total expenditures</b>	<b>5,619</b>
<b>Revenue over expenditures</b>	<b>\$ -</b>
Participation in costs by primary grantor	100%
Grant contract	\$ 64,600
Grant participation permissible	\$ 60,591
Grant funds received	60,591
Grant funds not yet received	-
<b>Grant funds returned</b>	<b>\$ -</b>
Status	Complete

Iowa Department  
of Homeland Security

Scott County Hazard  
Mitigation Plan

Year Ended June 30, 2011	Cumulative
\$ 31,760	\$ 60,310
16,423	30,677
8,376	16,171
165	343
348	430
6,448	12,689
31,760	60,310
\$ -	\$ -

100%

\$ 80,750
\$ 60,310
50,538
9,772
\$ -

Incomplete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

Primary Grantor Agency	United States Department of Housing and Urban Development	
Fund Title	East Moline CDAP Admin	
Project Period	Year Ended June 30, 2011	Cumulative
Revenue, general support	\$ 791	\$ 791
Revenue, federal grants administered by local governments	1,043	12,415
<b>Total revenue</b>	1,834	13,206
Expenditures:		
Salaries	964	6,619
Fringe benefits	491	3,489
Printing	-	27
Travel	-	98
Indirect costs	379	2,973
<b>Total expenditures</b>	1,834	13,206
<b>Revenue over expenditures</b>	\$ -	\$ -
Participation in costs by primary grantor		100%
Grant contract		\$ 12,415
Grant participation permissible		\$ 12,415
Grant funds received		12,415
Grant funds not yet received		-
<b>Grant funds returned</b>		\$ -
Status		Complete

United States Department of Housing  
and Urban Development

Windsor CDAP Admin		East Moline CDAP Water Admin		Silvis CDAP Admin	
Year Ended June 30, 2011	Cumulative	Year Ended June 30, 2011	Cumulative	Year Ended June 30, 2011	Cumulative
\$ 29	\$ 29	\$ -	\$ -	\$ -	\$ -
1,414	4,000	4,623	12,102	5,880	7,180
1,443	4,029	4,623	12,102	5,880	7,180
758	2,057	2,427	6,169	3,078	3,733
387	1,070	1,238	3,296	1,570	1,930
1	3	5	60	24	24
-	-	-	-	-	-
297	899	953	2,577	1,208	1,493
1,443	4,029	4,623	12,102	5,880	7,180
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100%		100%		100%	
<u>\$ 4,000</u>		<u>\$ 19,250</u>		<u>\$ 21,000</u>	
\$ 4,000		\$ 12,102		\$ 7,180	
2,876		11,557		2,650	
<u>1,124</u>		<u>545</u>		<u>4,530</u>	
<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	
Complete		Incomplete		Incomplete	

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	<u>Eastern Iowa Council of Governments</u>	
Fund Title	<u>Iowa Jumpstart Flood Recovery Program</u>	
Project Period	<u>Year Ended June 30, 2011</u>	<u>Cumulative</u>
Revenue, general support	\$ -	\$ 20
Revenue, federal grants administered by local governments	920	28,034
Revenue, state grants and support	49,246	725,440
<b>Total revenue</b>	<u>50,166</u>	<u>753,494</u>
Expenditures:		
Salaries	-	4,524
Fringe benefits	-	2,353
Indirect costs	-	2,131
Direct program costs	50,166	744,486
<b>Total expenditures</b>	<u>50,166</u>	<u>753,494</u>
<b>Revenue over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>
Participation in costs by primary grantor		100%
Grant contract		<u>\$ 958,658</u>
Grant participation permissible		\$ 753,474
Grant funds received		753,474
Grant funds not yet received		-
<b>Grant funds returned</b>		<u>\$ -</u>
Status		Complete

**Bi-State Regional Commission**

**Schedules of Revenues and Expenses and Computation of  
Grantor Participation on Completed Projects  
Year Ended June 30, 2011**

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Primary Grantor Agency	<u>Henry County</u>
Fund Title	<u>Tactical Interoperability Communication Plan</u>
Project Period	<u>Year Ended June 30, 2011</u>
Revenue, federal grants administered by local governments	<u>\$ 15,632</u>
Expenditures:	
Salaries	8,185
Fringe benefits	4,174
Printing	60
Indirect Costs	3,213
<b>Total expenditures</b>	<u>15,632</u>
<b>Revenue over expenditures</b>	<u>\$ -</u>
Participation in costs by primary grantor	100%
Grant contract	<u>\$ 20,000</u>
Grant participation permissible	\$ 15,632
Grant funds received	9,720
Grant funds not yet received	5,912
<b>Grant funds returned</b>	<u>\$ -</u>
Status	Incomplete

## Bi-State Regional Commission

### Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Contract or Pass-Through Entity Identifying Number	Catalog of Federal Domestic Assistance Number	Expenditures
<b>United States Department of Commerce</b>			
Direct:			
Economic Development Administration:			
Support for Planning Organizations	06-83-05294	11.302	\$ 71,615
Economic Adjustment Assistance	06-39-02167-02	11.307	1,178,674
<b>Total United States Department of Commerce</b>			1,250,289
<b>United States Department of Transportation</b>			
Passed through:			
Illinois Department of Transportation:			
Highway Planning and Construction Program	PL-FTA-11	20.205	252,144
Federal Transit Technical Study Program	PL-FTA-11	20.505	72,028
Federal Transit Non Urban Area Formula Grant	11BOB138	20.509	84,438
Highway Planning and Research Program	10BOB88	20.205	3,627
City of Bettendorf, Federal Transit	N/A	20.207	67,841
Iowa Department of Transportation:			
Highway Planning and Construction Program	11-MPO-BSRC	20.205	185,965
Federal Transit Technical Study Program	11-MPO-BSRC	20.505	51,672
Intermodal Transportation for Nonurbanized Areas	11-RPA-09	20.515	43,113
Clean Air Attainment Program	10MPOAQ-BSRC	20.515	22,262
<b>Total United States Department of Transportation</b>			783,090
<b>Federal Emergency Management Agency</b>			
Passed through Illinois Emergency Management Agency:			
Rock Island County, Interoperable Emergency Communications Grant Program	08IECGPROC	97.001	3,328
Henry County, Interoperable Emergency Communications Grant Program	09IECGPHEN	97.001	15,632
Passed through Iowa Department of Homeland Security:			
Muscatine County, Pre- Disaster Mitigation Program	DR-1688	97.039	5,619
Scott County, Pre-Disaster Mitigation Program	DR-1763	97.039	31,760
East Central Intergovernmental Association, Disaster Relief Housing	08-DRH-004	97.048	920
<b>Total Federal Emergency Management Agency</b>			57,259

(Continued)

**Bi-State Regional Commission**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Contract or Pass-Through Entity Identifying Number	Catalog of Federal Domestic Assistance Number	Expenditures
<b>United States Department of Labor</b>			
Passed through Illinois Department of Commerce and Economic Opportunity:			
Rock Island County, Workforce Investment Area Administration	09-681013 & 10-681013	17.258	5,060
Rock Island County, Workforce Investment Area Administration	09-681013 & 10-681013	17.259	6,228
Rock Island County, Workforce Investment Area Administration	09-681013 & 10-681013	17.278	8,174
<b>Total United States Department of Labor</b>			<u>19,462</u>
<b>United States Department of Housing and Urban Development</b>			
Passed through:			
City of East Moline, Community Development Assistance Program	07-242059	14.228	1,043
City of East Moline, ARRA Community Development Assistance Program	09-282011	14.255	4,623
City of Silvis, ARRA Community Development Assistance Program	09-242022	14.228	5,880
City of Windsor, Community Development Assistance Program	08-245006	14.228	1,414
<b>Total United States Department of Housing and Urban Development</b>			<u>12,960</u>
<b>United States Department of Energy</b>			
Passed through:			
Scott County, ARRA Energy Efficiency and Conservation Block Grant Program	DOE-SCO003387	81.128	19,091
Illinois Association of Regional Councils, ARRA Energy Efficiency and Conservation Block Grant Program	09-451001	81.128	273,680
Community Action of Eastern Iowa, ARRA Weatherization Assistance for Low-Income Persons	DOE-ARRA-09-03D	81.042	6,639
<b>Total United States Department of Energy</b>			<u>299,410</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,422,470</u>

See Notes to Schedule of Expenditures of Federal Awards

**Bi-State Regional Commission**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Commission for the year ended June 30, 2011. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies expended during the year are included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Significant Accounting Policies**

Revenue from federal awards is recognized when the Commission has done everything necessary to establish its right to the revenue. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

**Note 3. Noncash Assistance and Loans Outstanding**

The Commission had \$747,901 of loan balances outstanding as of June 30, 2011 related to the EDA Revolving Loan Fund (CFDA 11.307). The current year \$1,178,674 EDA Revolving Loan Fund (CFDA 11.307) expenditures, disclosed in the schedule of expenditures of federal awards, constituted 61 percent of the combined EDA Revolving Loan Fund of June 30, 2011 outstanding loan balances, June 30, 2011 cash and investment balances and June 30, 2011 administrative expenses.

**Note 4. Subrecipients**

Of the federal expenditures presented in the schedule, the Commission provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipient
ARRA Energy Efficiency Grant and Conservation Block Grant Program	81.128	\$ 260,747

**Bi-State Regional Commission**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

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Finding	Status	Corrective Action Plan or Other Explanation
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None reported.



**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

To the Commissioners  
Bi-State Regional Commission  
Rock Island, Illinois

We have audited the basic financial statements of Bi-State Regional Commission as of and for the year ended June 30, 2011, and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of Bi-State Regional Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Bi-State Regional Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bi-State Regional Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bi-State Regional Commission's internal control over financial reporting.

*A deficiency in internal control* 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 misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bi-State Regional Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of Bi-State Regional Commission in a separate letter dated December 5, 2011.

This report is intended solely for the information and use of the Commissioners of Bi-State Regional Commission, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 5, 2011



**Independent Auditor's Report on Compliance With  
Requirements that Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

To the Commissioners  
Bi-State Regional Commission  
Rock Island, Illinois

**Compliance**

We have audited the compliance of Bi-State Regional Commission with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Bi-State Regional Commission's major federal programs for the year ended June 30, 2011. Bi-State Regional Commission's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bi-State Regional Commission's management. Our responsibility is to express an opinion on Bi-State Regional Commission'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 OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bi-State Regional Commission'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 Bi-State Regional Commission's compliance with those requirements.

In our opinion, Bi-State Regional Commission complied, in all material respects, with the compliance requirements referred to above that are could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control over Compliance**

Management of Bi-State Regional Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bi-State Regional Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Bi-State Regional Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Commissioners of Bi-State Regional Commission, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 5, 2011

**Bi-State Regional Commission**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011**

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**I. Summary of the Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency identified?
- Noncompliance material to financial statements noted?

- Yes  No
- Yes  None Reported
- Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency identified?

- Yes  No
- Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

- Yes  No

**Identification of major programs:**

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
81.128	ARRA - Energy Efficiency and Conservation Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

- Yes  No

(Continued)

**Bi-State Regional Commission**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011**

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**II. Findings Relating to the Basic Financial Statements**

**A. Internal Control**

No matters reported.

**B. Instances of Noncompliance**

No matters reported.

**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control for Federal Awards**

No matters reported.

**B. Instances of Noncompliance**

No matters reported