Bi-State Regional Commission

Financial and Compliance Report
June 30, 2012

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Bi-State Regional Commission

Representatives

OFFICERS

Danny McDaniel, Chair
John Thodos, Secretary
Larry Minard, Vice Chair
Kas Kelly, Treasurer

COUNTY REPRESENTATIVES

Henry County:
Tim Wells, Chair
Dennis Anderson, Member

Rock Island County:
Jim Bohnsack, Chair
Tom Rockwell, Member
Elizabeth Sherwin, Citizen

Muscatine County:
Kas Kelly, Chair
Jeff Sorensen, Member

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

MUNICIPAL REPRESENTATIVES

City of Davenport:
Bill Gluba, Mayor
Sheila Burrage, Alderman
Jason Gordon, Alderman
Hap Volz, Citizen

City of Rock Island:
Dennis Pauley, Mayor
Chuck Austin, Councilman

City of Moline:
Don Welvaert, Mayor
Sean Liddell, Alderman

City of Bettendorf:
Bob Gallagher, Mayor

City of East Moline:
John Thodos, Mayor

City of Muscatine:
DeWayne Hopkins, Mayor

City of Kewanee:
Bruce Tossell, Mayor

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

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

Cities of Blue Grass, Buffalo, Eldridge, Fruitland, LeClaire, Long Grove, McCausland, Princeton, Riverdale, Walcott, West Liberty and Wilton:
Marty O'Boyle, Mayor, Eldridge

DESIGNATED CONSTITUENCIES

Cheryl Goodwin
Ralph H. Heninger
Nathaniel Lawrence
Rick Schloemer
Bill Stoermer
Jim Tank
Rory Washburn

McGladrey

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 (Commission), as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Bi-State Regional 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bi-State Regional Commission, as of June 30, 2012, 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 November 13, 2012 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.

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Accounting principles generally accepted in the United States of America require that the management discussion and analysis and other postemployment benefit plan schedule of funding progress on pages 4 through 7 and 19, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 schedules listed in the table of contents as supplementary information and the schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations,* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Introductory Section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements by us, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Davenport, Iowa
November 13, 2012

Bi-State Regional Commission

Management's Discussion and Analysis
Year Ended June 30, 2012

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, 2012. 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, 2012, by $2,184,625. Of this amount, $425,690 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, 2011, assets exceeded liabilities by $2,319,454; of this amount, $432,277 was unrestricted.
- The Commission's total net assets decreased by $134,829, as compared to an increase of $14,557 in 2011.
- The Commission's total long-term liabilities increased by $68,686.

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.

Condensed Financial Information

Statement of Net Assets

	2012	2011
Assets:		
Noncapital	**$ 2,987,906**	$ 3,232,475
Capital (net)	**60,712**	59,193
Total assets	**3,048,618**	3,291,668
Liabilities:		
Current	**637,341**	814,248
Noncurrent	**226,652**	157,966
Total liabilities	**863,993**	972,214
Net assets:		
Invested in capital assets	**60,712**	59,193
Restricted	**1,698,223**	1,827,984
Unrestricted	**425,690**	432,277
Total net assets	**$ 2,184,625**	$ 2,319,454

The Commission's investment in capital assets is 3 percent in 2012 and in 2011 of total net assets. Restricted net assets is 78 percent of total net assets for the 2012 fiscal year, and 79 percent for the 2011 fiscal year. The Commission's unrestricted net assets reflect approximately 19 percent of the Commission's net assets for the 2012 fiscal year, and 18 percent for the 2011 fiscal year.

The decrease in total assets of $243,050 from the 2011 fiscal year is due to a decrease in cash from the Revolving Loan Fund and usage of the Energy Efficiency Community Block grant cash.

Current liabilities have decreased $176,907 from fiscal year 2011 due to a decrease to accounts payable of $104,412 for Energy Efficiency Community Block grant expenses and a decrease in accrued expenses in the amount of $69,318. Noncurrent liabilities increased $68,686 due to the accounting for OPEB liabilities.

Statement of Revenues, Expenses and Changes in Net Assets

	2012	2011
Revenues:		
Operating:		
Federal grants	**$ 1,094,030**	$ 1,243,798
State grants and support	**71,301**	97,964
General support	**376,061**	377,875
Local	**943,869**	771,014
Interest on notes receivable	**23,386**	21,471
Other	**1,906**	936
Nonoperating income, interest	**1,703**	2,993
Total revenues	**2,512,256**	2,516,051
Expenses:		
Operating:		
Salaries	**848,794**	861,809
Fringe benefits	**468,068**	521,718
Indirect costs	**235,327**	233,960
OPEB expense	**67,762**	55,929
Printing	**21,973**	20,799
Travel and conference	**25,350**	22,093
Consultants	**140,558**	156,210
Direct program costs	**578,185**	618,145
Miscellaneous	**36,565**	24,440
Depreciation	**21,645**	22,191
Provision for doubtful loans	**202,858**	(35,800)
Total expenses	**2,647,085**	2,501,494
Change in net assets	**(134,829)**	14,557
Beginning net assets	**2,319,454**	2,304,897
Ending net assets	**$ 2,184,625**	$ 2,319,454

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 decreased from prior years. In particular, the Energy Efficiency Community Block grant provided $89,000 more revenue in the prior year and the Iowa Jumpstart Program provided for $49,000 in flood recovery in the prior year.

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

Capital Assets

The Commission's capital assets were $185,107, net of accumulated depreciation of $124,395, as of June 30, 2012 and $217,518, net of accumulated depreciation of $158,325 as of June 30, 2011. This increase of $1,519 is due to purchases in an amount more than the current year depreciation. Depreciation expense was $21,645. Acquisition of equipment was $23,164. 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 8 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 $1,165,331 in 2012, a $176,431 decrease from 2011, while revenues from general support and local sources was $1,319,930, a $171,041 increase from 2011.

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

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

- 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.
- Increased training needs due to new regulations and newer staff.

All of these factors will be considered in preparing the Commission's budget for the June 30, 2013 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, 2012

Assets		
Current:		
Cash and cash equivalents	$	1,618,287
Receivables:		
Notes receivable, net		126,192
Due from other governments		591,956
Accounts receivable		149,633
Accrued interest receivable		1,288
Prepaid items		60,067
Total current assets		2,547,423
Noncurrent:		
Equipment, net of accumulated depreciation of $124,395		60,712
Notes receivable, net of allowance for doubtful notes of $235,763		440,483
Total noncurrent assets		501,195
Total assets	$	3,048,618
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	193,418
Accrued expenses		143,232
Compensated absences		100,909
Unearned revenue		199,782
Total current liabilities		637,341
Noncurrent liabilities:		
Compensated absences		28,461
Other postemployment benefits		198,191
		226,652
Total liabilities		863,993
Net Assets		
Invested in capital assets		60,712
Restricted for revolving loan program		1,698,223
Unrestricted		425,690
Total net assets		2,184,625
Total liabilities and net assets	$	3,048,618

See Notes to Basic Financial Statements.

Bi-State Regional Commission

Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2012

Operating revenues:		
Federal grants	$	57,484
Federal grants, administered by state		907,441
Federal grants, administered by local government		129,105
State grants and support		71,301
General support		376,061
Local		943,869
Interest on notes receivable		23,386
Other		1,906
Total operating revenues		2,510,553
Operating expenses:		
Salaries		848,794
Fringe benefits		468,068
Indirect costs		235,327
Printing		21,973
Travel and conference		25,350
Consultant		140,558
Direct program costs		578,185
Miscellaneous		36,565
Depreciation		21,645
Other postemployment benefits		67,762
Provision for doubtful notes		202,858
Total operating expenses		2,647,085
Operating (loss)		(136,532)
Nonoperating income, interest		1,703
Change in net assets		(134,829)
Net assets, beginning		2,319,454
Net assets, ending	$	2,184,625

See Notes to Basic Financial Statements.

Bi-State Regional Commission

Statement of Cash Flows
Year Ended June 30, 2012

Cash flows from operating activities:		
Receipts from members and grantors	$	2,331,259
Payments to vendors		(1,266,791)
Payments to employees		(1,314,218)
Net cash used in operating activities		(249,750)
Cash flows from capital and related financing activities, acquisition of equipment		(23,164)
Cash flows from investing activities, interest received		1,703
Net decrease in cash and cash equivalents		(271,211)
Cash and cash equivalents:		
Beginning		1,889,498
Ending	$	1,618,287
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	$	(136,532)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation		21,645
Notes receivable originated		(293,000)
Collection of notes receivable		180,168
Provision for doubtful accounts		202,858
Decrease (increase) in:		
Accrued interest on notes receivable		1,807
Due from other governments		(79,694)
Accounts receivable		14,484
Prepaid items		(53,265)
Increase (decrease) in:		
Accounts payable		(107,806)
Accrued expenses		(69,318)
Compensated absences		4,200
Unearned revenue		(3,059)
Other postemployment benefits		67,762
Net cash (used in) operating activities	$	(249,750)

See Notes to Basic Financial Statements.

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) guidance issued on or before November 30, 1989, unless that guidance 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.

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, 2012, the outstanding balance on these loans totaled $566,675, net of an allowance for doubtful accounts of $235,763, with interest rates of 4 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, consists of capital assets, net of accumulated depreciation. 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, 2012, no debt is outstanding for the purchase of capital assets. Restricted net assets of $1,698,223 are for the revolving loan program.

Note 2. Cash and Cash Equivalents

The Commission's cash and cash equivalents as of June 30, 2012, consists of the following:

Petty cash	$ 350
Checking accounts	18,505
Certificate of deposit	100,000
Money market savings accounts	1,499,432
	$ 1,618,287

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.

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, 2012.

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, 2012, the Commission's carrying amount of deposits totaled $1,617,937 with the bank balance of $1,654,240. Of the bank balance, $424,587 was covered by federal depository insurance with the remaining $1,229,653 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, 2012, 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, 2012:

	June 30, 2011	Additions	Deletions	June 30, 2012
Capital assets being depreciated:				
Equipment	$ 217,518	$ 23,164	$ (55,575)	$ 185,107
Accumulated depreciation	(158,325)	(21,645)	55,575	(124,395)
Capital assets, net	$ 59,193	$ 1,519	$ -	$ 60,712

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, 2012 was $55,421.

Note 5. Related Party Transactions

Due from other governments and operating revenues includes transactions with related parties. Since 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.

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 4.5 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, 2012 was $1,160,881 of which $1,131,780 was covered under this plan. The total contributions and administrative costs incurred by the Commission, net of forfeitures, for the year ended June 30, 2012 was $96,371. Employees contributed $50,931 during fiscal year 2012. 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 $154,717 as of June 30, 2012. The compensated absences as of June 30, 2012, consist of accrued vacation.

	2011	Earned	Used	2012	Due Within One Year
Compensated absences	$ 125,170	$ 103,963	$ 99,763	$ 129,370	$ 100,909

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 2012 for health insurance were $169,139 and in 2011 $159,694. There were no additional premiums owed to the County for past claims as of June 30, 2012 and 2011.

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, there are retirees maintaining 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 2012, the Commission had no contributions. Active members receiving benefits have required monthly contributions of:

Coverage Type	Rate
Single	$ 54.44
Single + One	122.50
Single + Two	161.40
Family	190.48

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	6,522
Adjustments to ARC	(4,348)
Annual OPEB costs	67,762
Contributions and payments made	-
Increase in net OPEB obligation	67,762
Net OPEB obligation - July 1, 2011	130,429
Net OPEB obligation - June 30, 2012	$ 198,191

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 2012 and the two preceding years follows.

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
June 30, 2012	67,762	-	198,191

Funded status and funding progress: As of June 30, 2010, 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 $1,017,539 and the ratio of the UAAL to the covered payroll was 70.3 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 GASB has issued several statements not yet implemented by the Commission. The Statements which will impact the Commission are as follows:

- 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.

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* issued April 2012, will be effective for the Commission beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

Note 11. Current and Pending Pronouncements (Continued)

- GASB Statement No. 66, *Technical Corrections - 2012*, issued April 2012, will be effective for the Commission beginning with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (*a*) operating lease payments that vary from a straight-line basis; (*b*) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (*c*) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases* and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively.

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%
2012	**6/30/10**	**-**	**715,513**	**715,513**	**0%**	**1,017,539**	**70.3%**

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, 2012

Source	Project	Period	Project Amount
Illinois Department of Transportation	Transportation PL & SMAP	11-12	$ 90,721
Illinois Department of Transportation	Federal Transit	11-12	27,943
Illinois Department of Transportation	Federal Transit Non Urban HSTP	11-12	38,138
Illinois Department of Transportation	Federal Transit Non Urban HSTP/Mobility	11-12	45,906
Iowa Department of Transportation	Transportation PL & Federal Transit	11-12	110,662
Iowa Department of Transportation	Regional Transit	11-12	18,865
Iowa Department of Economic Development	Planning & Connect Nation	11-12	9,472
Economic Development Administration	Technical Assistance	11-12	57,484
Emergency Telephone System Board of Rock Island County	Local Programs	11-12	47,898
City of Bettendorf	Transit Planner	11-12	12,566
City of Davenport	Transit Planner	11-12	3,321
City of Rock Island	Local Programs	11-12	16,341
City of Eldridge	Local Programs	11-12	12,250
City of Moline	Local Programs	11-12	12,032
City of Port Byron	Local Programs	11-12	1,700
Henry County	TICP	11-12	4,195
River Bend Transit	Transit Planner	11-12	494
Rock Island County	Local Programs	11-12	10,254
Rock Island County Workforce Development Board	Board Support	11-12	3,619
Rock Island County Waste Management Agency	Local Programs	11-12	3,156
Scott County	Hazard Mitigation Plan	11-12	20,341
Scott County Decategorization Program	Financial Management	11-12	16,535
Scott County Housing Council	Financial Management	11-12	1,949
Various under $1,000 each and accrued at year-end	Various	11-12	26,114
			$ 591,956

Bi-State Regional Commission

Schedule of Indirect Costs
Year Ended June 30, 2012

	Budget	Actual
Indirect labor costs, general administration	$ 221,091	$ 246,368
Indirect nonlabor costs:		
Supplies and materials	6,000	5,760
Postage	12,000	12,531
Telephone	5,000	4,456
Printing and technical reproduction	2,500	1,818
Equipment maintenance	18,000	10,716
Rent	55,421	55,421
Travel, conferences and registration fees	2,500	1,321
Automobile expense	4,500	4,656
Equipment, furniture and fixtures	2,500	3,833
Legal, accounting and other professional fees	26,000	31,771
Library subscriptions	4,071	2,934
Memberships and dues	699	575
Insurance and bonding	14,000	12,949
Use allowance	22,500	19,879
Recruiting	1,250	-
Miscellaneous	200	-
Total indirect nonlabor costs	177,141	168,620
Total indirect costs	$ 398,232	414,988
Indirect cost allocation (at a rate of 27%)		334,595
Under allocated indirect costs, current year		80,393
Total (over) allocated, prior years		(27,350)
Included in prepaids items		$ 53,043

Bi-State Regional Commission

Schedule of Fringe Benefits
Year Ended June 30, 2012

	Budget	Actual
Vacation earned	$ 96,054	$ 103,963
Sick pay taken	36,830	37,098
FICA	90,708	85,791
Unemployment	4,225	2,304
Health insurance	168,564	169,139
Retirement	111,316	96,371
Life and LTD insurance	15,071	10,309
Auto allowance	5,040	5,040
Educational reimbursement	3,000	4,663
Total fringe benefits	$ 530,808	514,678
Fringe benefit allocation (at a rate of 46%)		468,068
(Over) under allocated fringe benefits		46,610
Total (over) allocated, prior years		(114,091)
Included in accrued expenses		$ (67,481)

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Illinois Department of Transportation	
Fund Title	Federal Transit Nonurban Area Formula Grant	
Project Period	Year Ended June 30, 2012	Cumulative
Revenue, general support	$ -	$ -
Revenue, state grants & support	-	-
Revenue, federal grants administered by state	76,294	175,982
Total revenue	76,294	175,982
Expenditures:		
Salaries	36,955	84,901
Fringe benefits	17,000	41,733
Printing	529	641
Travel and conference	2,879	4,880
Indirect costs	14,568	33,682
Consultant	-	4,156
Direct Program Costs	4,213	5,266
Miscellaneous	150	723
Total expenditures	76,294	175,982
Revenue over expenditures	$ -	$ -
Participation in costs by primary grantor		100%
Grant contract		$ 260,600
Grant participation permissible		$ 175,982
Grant funds received		107,673
Grant funds not yet received		68,309
Grant funds returned		$ -
Status		Incomplete

Illinois Department of Transportation

Highway Planning and Research Program		Highway Planning and Construction	Federal Transit Technical Study	Henry, Mercer, Rock Island Evacuation Plan
Year Ended June 30, 2012	Cumulative	Year Ended June 30, 2012	Year Ended June 30, 2012	Year Ended June 30, 2012
$ 6,967	$ 8,001	$ 16,454	$ 18,205	$ -
-	-	50,775	-	404
27,864	32,000	268,881	72,818	-
34,831	40,001	336,110	91,023	404
7,815	10,490	171,016	47,923	218
3,595	4,972	78,668	22,044	100
328	356	5,592	331	-
200	227	3,522	539	-
3,081	4,144	67,415	18,891	86
-	-	-	-	-
19,612	19,612	-	-	-
200	200	9,897	1,295	-
34,831	40,001	336,110	91,023	404
$ -	$ -	$ -	$ -	$ -
	80%	80%	80%	100%
	$ 32,000	$ 268,881	$ 74,220	$ 45,574
	$ 32,000	$ 268,881	$ 72,818	$ 404
	32,000	228,935	44,875	-
	-	39,946	27,943	404
	$ -	$ -	$ -	$ -
	Complete	Complete	Complete	Incomplete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Iowa Department of Transportation		
Fund Title	Highway Planning and Construction	Federal Transit Technical Study	Intermodal Transportation For Nonurbanized Areas
Project Period	Year Ended June 30, 2012	Year Ended June 30, 2012	Year Ended June 30, 2012
Revenue, general support	$ 46,951	$ 12,171	$ 9,759
Revenue, federal grants administered by state	187,805	48,670	39,037
Total revenue	234,756	60,841	48,796
Expenditures:			
Salaries	121,406	32,531	25,004
Fringe benefits	55,846	14,964	11,502
Printing	3,876	29	658
Travel and conference	1,967	293	1,776
Indirect costs	47,858	12,824	9,856
Miscellaneous	3,803	200	-
Total expenditures	234,756	60,841	48,796
Revenue over expenditures	$ -	$ -	$ -
Participation in costs by primary grantor	80%	80%	80%
Grant contract	$ 237,328	$ 48,670	$ 42,950
Grant participation permissible	$ 187,805	$ 48,670	$ 39,037
Grant funds received	101,140	24,673	20,172
Grant funds not yet received	86,665	23,997	18,865
Grant funds returned	$ -	$ -	$ -
Status	Complete	Complete	Complete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Rock Island County
Fund Title	Workforce Development Board
Project Period	Year Ended June 30, 2012
Revenue, federal grants administered by local governments	$ 18,979
Expenditures:	
Salaries	5,308
Fringe benefits	2,442
Printing	34
Indirect costs	2,092
Direct program costs	9,103
Total expenditures	18,979
Revenue over expenditures	$ -
Participation in costs by primary grantor	100%
Grant contract	$ 20,000
Grant participation permissible	$ 18,979
Grant funds received	15,360
Grant funds not yet received	3,619
Grant funds returned	$ -
Status	Complete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Local Government	
Fund Title	Local Technical Services	General Local Support
Project Period	Year Ended June 30, 2012	Year Ended June 30, 2012
Revenue, general support	$ 870	$ 204,582
Revenue, state grants & support	2,299	-
Local	209,728	104,550
Other	-	3,609
Total revenue	212,897	312,741
Expenditures:		
Salaries	101,104	71,878
Fringe benefits	46,508	33,064
Printing	1,286	2,489
Travel and conference	91	8,119
Indirect costs	39,855	28,334
Consultant	-	103,100
Direct program costs	21,698	344,207
Miscellaneous	2,355	3,063
Total expenditures	212,897	594,254
Revenue (under) expenditures	$ -	$ (281,513)
Status	Complete	Complete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Economic Development Administration
Fund Title	Planning Assistance
Project Period	Year Ended June 30, 2012
Revenue, general support	$ 57,484
Revenue, federal grants	57,484
Revenue, federal grants administered by state	-
Revenue, state grants and support	-
Total revenue	114,968
Expenditures:	
Salaries	51,324
Fringe benefits	23,609
Printing	3,098
Travel and conference	3,774
Indirect costs	20,232
Direct Program Costs	-
Miscellaneous	12,931
Total expenditures	114,968
Revenue over expenditures	$ -
Participation in costs by primary grantor	50%
Grant contract	$ 184,884
Grant participation permissible	$ 57,484
Grant funds received	-
Grant funds not yet received	57,484
Grant funds returned	$ -
Status	Incomplete

Iowa Department of Economic Development

COG Technical	West Liberty & Wilton Iowans Admin		Healthy Connect Nation
Year Ended June 30, 2012	Year Ended June 30, 2012	Cumulative	Year Ended June 30, 2012
$ 2	$ 1	$ 4	$ -
-	-	-	-
-	-	-	1,181
10,294	7,529	23,954	-
10,296	7,530	23,958	1,181
5,345	-	3,952	635
2,459	-	2,016	292
81	-	21	3
304	-	63	-
2,107	-	1,552	251
-	7,530	16,354	-
-	-	-	-
10,296	7,530	23,958	1,181
$ -	$ -	$ -	$ -
100%		100%	100%
$ 10,294		$ 29,433	$ 2,890
$ 10,294		$ 23,954	$ 1,181
1,187		23,954	742
9,107		-	439
$ -		$ -	$ -
Complete		Incomplete	Incomplete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Local Government
Fund Title	Municipal Code Enforcement System
Project Period	Year Ended June 30, 2012
Revenue, local	$ 507,165
Expenditures:	
Salaries	65,574
Fringe benefits	30,164
Printing	1,930
Indirect costs	25,850
Consultant	37,458
Miscellaneous	1,982
Total expenditures	162,958
Revenue over expenditures	$ 344,207
Status	Complete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Department of Energy	
Fund Title	Community Action of Eastern Iowa	
Project Period	Year Ended June 30, 2012	Cumulative
Revenue, federal grants administered by state	$ -	$ -
Revenue, federal grants administered by local governments	4,072	18,042
Total revenue	4,072	18,042
Expenditures:		
Salaries	2,190	9,313
Fringe benefits	1,008	4,787
Printing	11	108
Travel	-	-
Indirect costs	863	3,811
Direct program costs	-	-
Miscellaneous	-	23
Total expenditures	4,072	18,042
Revenue over expenditures	$ -	$ -
Participation in costs by primary grantor		100%
Grant contract		$ 36,002
Grant participation permissible		$ 18,042
Grant funds received		17,788
Grant funds not yet received		254
Grant funds returned		$ -
Status		Complete

Department of Energy	
ILARC EECBG Admin	
Year Ended June 30, 2012	Cumulative
$ 184,891	$ 465,717
-	-
184,891	465,717
9,330	19,565
4,292	9,653
79	307
-	76
3,678	7,842
167,512	428,259
-	15
184,891	465,717
$ -	$ -
	100%
	$ 467,226
	$ 465,717
	465,717
	-
	$ -
	Incomplete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Economic Development Administration
Fund Title	Revolving Loan Fund
Project Period	Year Ended June 30, 2012
Revenue, local	61,875
Revenue, program income interest	23,386
Total revenue	$ 85,261
Expenditures:	
Salaries	5,542
Fringe benefits	2,549
Printing	279
Travel	921
Indirect costs	2,185
Bad debts	202,858
Miscellaneous	688
Total expenditures	215,022
Revenue (under) expenditures	$ (129,761)
Status	Incomplete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Local Government
Fund Title	Rock Island County Waste Management Agency
Project Period	Year Ended June 30, 2012
Revenue, local	$ 41,254
Expenditures:	
Salaries	21,535
Fringe benefits	9,906
Printing	410
Travel and conference	803
Indirect costs	8,489
Direct program costs	111
Total expenditures	41,254
Revenue over expenditures	$ -
Status	Complete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency		Federal Transit Administration
Fund Title		Iowa QC Transit Planner
Project Period		Year Ended June 30, 2012
Revenue, federal grants administered by local governments	$	77,188
Revenue, local		19,297
Total revenue		96,485
Expenditures:		
Salaries		49,729
Fringe benefits		22,875
Printing		62
Travel and conference		15
Indirect costs		19,603
Direct program costs		4,199
Miscellaneous		2
Total expenditures		96,485
Revenue over expenditures	$	-
Participation in costs by primary grantor		80%
Grant contract	$	81,104
Grant participation permissible	$	77,188
Grant funds received		65,522
Grant funds not yet received		11,666
Grant funds returned	$	-
Status		Complete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Iowa Department of Homeland Security	
Fund Title	Scott County Hazard Mitigation Plan	
Project Period	Year Ended June 30, 2012	Cumulative
Revenue, general support	$ 1,698	$ 1,698
Revenue, federal grants administered by local governments	20,440	80,750
Total revenue	22,138	82,448
Expenditures:		
Salaries	11,418	42,095
Fringe benefits	5,252	21,423
Printing	828	1,171
Travel	139	569
Indirect costs	4,501	17,190
Total expenditures	22,138	82,448
Revenue over expenditures	$ -	$ -
Participation in costs by primary grantor		100%
Grant contract		$ 80,750
Grant participation permissible		$ 80,750
Grant funds received		60,409
Grant funds not yet received		20,341
Grant funds returned		$ -
Status		Incomplete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	United States Department of Housing and Urban Development	
Fund Title	East Moline CDAP Water Admin	
Project Period	Year Ended June 30, 2012	Cumulative
Revenue, general support	$ 744	$ 744
Revenue, federal grants administered by local governments	648	12,750
Total revenue	1,392	13,494
Expenditures:		
Salaries	743	6,912
Fringe benefits	341	3,637
Printing	7	67
Travel	8	8
Indirect costs	293	2,870
Total expenditures	1,392	13,494
Revenue over expenditures	$ -	$ -
Participation in costs by primary grantor		100%
Grant contract		$ 12,750
Grant participation permissible		$ 12,750
Grant funds received		12,750
Grant funds not yet received		-
Grant funds returned		$ -
Status		Incomplete

United States Department of Housing and Urban Development	
Silvis CDAP Admin	
Year Ended June 30, 2012	Cumulative
$ -	$ -
3,411	10,591
3,411	10,591
1,833	5,566
843	2,773
13	37
-	-
722	2,215
3,411	10,591
$ -	$ -
	100%
	$ 21,000
	$ 10,591
	10,236
	355
	$ -
	Incomplete

Bi-State Regional Commission

Schedules of Revenues and Expenses and Computation of Grantor Participation on Completed Projects
Year Ended June 30, 2012

Primary Grantor Agency	Henry County	
Fund Title	Tactical Interoperability Communication Plan	
Project Period	Year Ended June 30, 2012	Cumulative
Revenue, general support	$ 173	$ 173
Revenue, federal grants administered by local governments	4,368	20,000
Total revenue	4,541	20,173
Expenditures:		
Salaries	2,438	10,623
Fringe benefits	1,122	5,296
Printing	20	80
Indirect Costs	961	4,174
Total expenditures	4,541	20,173
Revenue over expenditures	$ -	$ -
Participation in costs by primary grantor		100%
Grant contract		$ 20,000
Grant participation permissible		$ 20,000
Grant funds received		15,805
Grant funds not yet received		4,195
Grant funds returned		$ -
Status		Complete

Bi-State Regional Commission

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Contract or Pass-Through Entity Identifying Number	Catalog of Federal Domestic Assistance Number	Expenditures
United States Department of Commerce			
Direct:			
Economic Development Administration:			
Support for Planning Organizations	06-83-05294	11.302	$ 57,484
Economic Adjustment Assistance	06-39-02167-02	11.307	1,112,424
Passed through Iowa Association of Regional Councils:			
ARRA State Broadband Data and Development Grant Program	19-50-M09047	11.558	1,181
Total United States Department of Commerce			1,171,089
United States Department of Transportation			
Passed through:			
Illinois Department of Transportation:			
Highway Planning and Construction Program	PL-FTA-12	20.205	268,881
Federal Transit Technical Study Program	PL-FTA-12	20.505	72,818
Federal Transit Non Urban Area Formula Grant	11BOB138	20.509	76,294
Highway Planning and Research Program	10BOB88	20.205	27,864
City of Bettendorf, Federal Transit	N/A	20.207	77,188
Iowa Department of Transportation:			
Highway Planning and Construction Program	12-MPO-BSRC	20.205	187,805
Federal Transit Technical Study Program	12-MPO-BSRC	20.505	48,670
Intermodal Transportation for Nonurbanized Areas	12-RPA-09	20.515	39,037
Total United States Department of Transportation			798,557
Federal Emergency Management Agency			
Passed through Illinois Emergency Management Agency:			
Henry County, Interoperable Emergency Communications Grant Program	09IECGPHEN	97.001	4,368
Passed through Iowa Department of Homeland Security:			
Scott County, Pre-Disaster Mitigation Program	DR-1763	97.039	20,440
Total Federal Emergency Management Agency			24,808

(Continued)

Bi-State Regional Commission

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Contract or Pass-Through Entity Identifying Number	Catalog of Federal Domestic Assistance Number	Expenditures
United States Department of Labor			
Passed through Illinois Department of Commerce and Economic Opportunity:			
Rock Island County, Workforce Investment Area Administration	10-681013 &11-681013	17.258	4,935
Rock Island County, Workforce Investment Area Administration	10-681013 &11-681013	17.259	7,971
Rock Island County, Workforce Investment Area Administration	10-681013 &11-681013	17.278	6,073
Total United States Department of Labor			18,979
United States Department of Housing and Urban Development			
Passed through:			
City of East Moline, ARRA Community Development Assistance Program	09-282011	14.255	648
City of Silvis, ARRA Community Development Assistance Program	09-242022	14.228	3,411
Total United States Department of Housing and Urban Development			4,059
United States Department of Energy			
Passed through:			
Illinois Association of Regional Councils, ARRA Energy Efficiency and Conservation Block Grant Program	09-451001	81.128	184,892
Community Action of Eastern Iowa, ARRA Weatherization Assistance for Low-Income Persons	DOE-ARRA-09-03D	81.042	4,071
Total United States Department of Energy			188,963
Total Expenditures of Federal Awards			$ 2,206,455

See Notes to Schedule of Expenditures of Federal Awards.

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, 2012. 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 $802,438 of loan balances outstanding as of June 30, 2012 related to the EDA Revolving Loan Fund (CFDA 11.307). The current year $1,112,424 EDA Revolving Loan Fund (CFDA 11.307) expenditures, disclosed in the schedule of expenditures of federal awards, constituted 59 percent of the combined EDA Revolving Loan Fund of June 30, 2012 outstanding loan balances, June 30, 2012 cash and investment balances and year ended June 30, 2012 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	$ 167,512

Bi-State Regional Commission

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

Finding	Status	Corrective Action Plan or Other Explanation
None reported.		

McGladrey

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 financial statements of Bi-State Regional Commission as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. 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 entity'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.*

Member of the RSM International network of independent accounting, tax and consulting firms.

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 LLP

Davenport, Iowa
November 13, 2012

McGladrey

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, 2012. 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 Non-Profit 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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.

Member of the RSM International network of independent accounting, tax and consulting firms.

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 these specified parties.

McGladrey LLP

Davenport, Iowa
November 13, 2012

Bi-State Regional Commission

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☑ No
- Significant deficiency identified? ☐ Yes ☑ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☑ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☑ No
- Significant deficiency identified? ☐ 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)

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