

Bi-State Regional Commission

Financial and Compliance Report

June 30, 2017



Serving local governments in Muscatine and Scott Counties, Iowa;
Henry, Mercer and Rock Island Counties, Illinois.

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Bi-State Regional Commission

Representatives

OFFICERS

Carol Earnhardt, Chair
Kathy Carroll-Duda, Secretary

Ken "Moose" Maranda, Vice Chair
Frank Klipsch, Treasurer

COUNTY REPRESENTATIVES

Henry County:

Roger Gradert, Chair
Erik Brown, Member
Rex Kiser, Member

Muscatine County:

Jeff Sorensen, Chair
Robert Howard, Member

Rock Island County:

Ken "Moose" Maranda, Chair
Kim Callaway-Thompson, Member
Scott Terry, Member
Elizabeth Sherwin, Citizen

Scott County:

Carol Earnhardt, Member
Ken Beck, Member
Tony Knobbe, Member
Jazmin Newton-Butt, Citizen

MUNICIPAL REPRESENTATIVES

City of Davenport:

Frank Klipsch, Mayor
Jason Gordon, Alderperson
Kerri Tompkins, Alderperson
Randy Moore, Citizen

City of Muscatine:

Diana Broderson, Mayor

City of Rock Island:

Mike Thoms, Mayor
David Geenen, Councilman

City of Kewanee:

Steve Looney, Mayor

City of Moline:

Stephanie Acri, Mayor
Mike Waldron, Alderman

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

Duane Dawson, Mayor, Milan

City of Bettendorf:

Bob Gallagher, Mayor

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

Kathy Carroll-Duda, Mayor, Geneseo

City of East Moline:

Reggie Freeman, Mayor

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

Marty O'Boyle, Mayor, Eldridge

DESIGNATED CONSTITUENCIES

Ralph H. Heninger
Jerry Lack
Nathaniel Lawrence
Marcy Mendenhall

Rick Schloemer
Bill Stoermer
Jim Tank

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Bi-State Regional Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bi-State Regional Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bi-State Regional Commission as of June 30, 2017, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefit plan schedule of funding progress on pages 5-8 and 21, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompany schedules listed in the table of contents as supplementary information and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017 on our consideration of the Bi-State Regional Commission's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bi-State Regional Commission's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
November 13, 2017

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Bi-State Regional Commission

Management's Discussion and Analysis Year Ended June 30, 2017

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, 2017. 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, 2017 by \$2,605,192. Of this amount, \$323,591 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, 2016, assets exceeded liabilities by \$2,611,000; of this amount, \$335,526 was unrestricted.
- The Commission's net position decreased by \$5,808, as compared to an increase of \$94,981 in 2016.
- The Commission's total long-term liabilities increased by \$46,203.

Overview of the Financial Statements

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position 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 deferred outflows of resources and total liabilities and deferred inflows of resources is reflected in the net position section that reflects net position in three broad categories: net investment in capital assets; restricted; and unrestricted. Net position is one indicator of the current financial condition of the Commission, while the change in net position 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 position 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, 2017**

Condensed Financial Information

Statement of Net Position

	<u>2017</u>	<u>2016</u>
Assets:		
Noncapital	\$ 3,708,437	\$ 3,789,291
Capital (net)	53,451	66,367
Total assets	3,761,888	3,855,658
Liabilities:		
Current	648,867	783,032
Noncurrent	507,829	461,626
Total liabilities	1,156,696	1,244,658
Net position:		
Net investment in capital assets	53,451	66,367
Restricted	2,228,150	2,209,107
Unrestricted	323,591	335,526
Total net position	\$ 2,605,192	\$ 2,611,000

The Commission's net investment in capital assets is 2 percent in 2017 and 2.5 percent in 2016 of total net position. Restricted net position is 85.5 percent of total net position for the 2017 fiscal year, and 84.6 percent for the 2016 fiscal year. The Commission's unrestricted net position reflects 12.4 percent of the Commission's net position for the 2017 fiscal year, and 12.9 percent for the 2016 fiscal year.

The decrease in total assets of \$93,770 from the 2016 fiscal year is primarily due to a reduction in due from other governments, net of an increase in cash and increase in the allowance for doubtful accounts.

Current liabilities have decreased \$134,165 from fiscal year 2016. Noncurrent liabilities increased \$46,203 primarily due to the accounting for other post-employment benefit (OPEB) liabilities.

Bi-State Regional Commission

Management's Discussion and Analysis Year Ended June 30, 2017

Statement of Revenues, Expenses and Changes in Net Position

	2017	2016
Revenues:		
Operating:		
Federal grants	\$ 2,264,572	\$ 1,028,150
State grants and support	117,148	113,814
General support	393,842	386,761
Local	710,797	789,643
Interest on notes receivable	29,535	30,382
Other	3,363	898
Nonoperating income, interest	1,099	1,088
Total revenues	3,520,356	2,350,736
Expenses:		
Operating:		
Salaries	947,172	901,640
Fringe benefits	473,586	448,514
Indirect costs	238,889	307,410
Printing	14,176	20,582
Travel and conference	30,105	29,406
Consultants	228,003	348,284
Direct program costs	1,475,680	115,121
Miscellaneous	34,273	24,495
Depreciation	16,848	12,485
Use allowance on equipment acquired with federal grants	232	-
Provision for doubtful loans	20,000	-
OPEB expense	47,200	47,818
Total expenses	3,526,164	2,255,755
Change in net position	(5,808)	94,981
Beginning net position	2,611,000	2,212,775
Ending net position	\$ 2,605,192	\$ 2,307,756

Operating revenues accounted for approximately 99.9 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, funds were utilized for a Bus and Bus Facilities Grant passed through to the transit systems.

Operating expenses are directly affected by the federal and state programs. Direct program costs increased \$1,360,559 primarily due to the Bus and Bus Facilities Grant.

Bi-State Regional Commission

Management's Discussion and Analysis Year Ended June 30, 2017

Capital Assets

The Commission's capital assets were \$208,549, net of accumulated depreciation of \$155,098, as of June 30, 2017 and \$225,143, net of accumulated depreciation of \$158,776 as of June 30, 2016. This decrease of \$12,916 is due to purchases in an amount less than the current year depreciation. Depreciation expense including capital assets purchased with grants was \$17,080. Acquisition of equipment was \$4,164. 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 disclose information in regards to the Commission's noncurrent compensated absences liability. Note 10 to the basic financial statements discloses information in regards to the Commission's noncurrent other postemployment benefits liability.

Economic Factors and Next Year's Budget

Revenue from federal and state grants and support was \$2,381,720 in 2017 compared to \$1,141,964 in 2016, a \$1,239,756 increase from 2016, while revenues from general support and local sources excluding interest was \$1,137,537, a \$70,147 decrease from 2016.

Interest earned on notes receivable from the Commission's Revolving Loan Fund have remained relatively constant from year-to-year with interest rates ranging from 2.44 to 4.00 percent.

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

- The continuation of limited competitive federal and state funds available continues the need for local contracting and funding.
- Continued increased costs of health insurance benefits could impact affordability.
- New regulations and newer staff increase training needs.

All of these factors will be considered in preparing the Commission's budget for the June 30, 2018 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 Position

June 30, 2017

Assets

Current:

Cash and cash equivalents	\$	2,039,632
Receivables:		
Notes receivable, net		186,391
Due from other governments		338,528
Accounts receivable		288,959
Accrued interest receivable		3,708
Prepaid items		32,504
Total current assets		<u>2,889,722</u>

Noncurrent:

Equipment, net of accumulated depreciation of \$155,098		53,451
Notes receivable, net of allowance for doubtful notes of \$20,037		818,715
Total noncurrent assets		<u>872,166</u>

Total assets

\$ 3,761,888

Liabilities and Net Position

Current liabilities:

Accounts payable	\$	177,115
Accrued expenses		90,676
Compensated absences		111,113
Unearned revenue		269,963
Total current liabilities		<u>648,867</u>

Noncurrent liabilities:

Compensated absences		37,037
Other postemployment benefits		470,792
		<u>507,829</u>

Total liabilities

1,156,696

Net Position

Net investment in capital assets		53,451
Restricted for revolving loan program		2,228,150
Unrestricted		323,591
Total net position		<u>2,605,192</u>

Total liabilities and net position

\$ 3,761,888

See Notes to Basic Financial Statements.

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Bi-State Regional Commission

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017**

Operating revenues:	
Federal grants	\$ 1,423,220
Federal grants, administered by state	609,294
Federal grants, administered by local government	232,058
State grants and support	117,148
General support	393,842
Local	710,797
Interest on notes receivable	29,535
Other	3,363
Total operating revenues	<u>3,519,257</u>
Operating expenses:	
Salaries	947,172
Fringe benefits	473,586
Indirect costs	238,889
Printing	14,176
Travel and conference	30,105
Consultant	228,003
Direct program costs	1,475,680
Miscellaneous	34,273
Depreciation	16,848
Use allowance on equipment acquired with federal grants	232
Provision for doubtful accounts	20,000
Other postemployment benefits	47,200
Total operating expenses	<u>3,526,164</u>
Operating (loss)	<u>(6,907)</u>
Nonoperating income, interest	<u>1,099</u>
Change in net position	<u>(5,808)</u>
Net position, beginning	<u>2,611,000</u>
Net position, ending	<u>\$ 2,605,192</u>

See Notes to Basic Financial Statements.

Bi-State Regional Commission

Statement of Cash Flows
Year Ended June 30, 2017

Cash flows from operating activities:	
Receipts from members and grantors	\$ 3,738,979
Payments to vendors	(2,184,082)
Payments to employees	(1,484,621)
Net cash provided by operating activities	<u>70,276</u>
Cash flows from capital and related financing activities, acquisition of equipment	<u>(4,164)</u>
Cash flows from investing activities, interest received	<u>1,099</u>
Net increase in cash and cash equivalents	67,211
Cash and cash equivalents:	
Beginning	<u>1,972,421</u>
Ending	<u>\$ 2,039,632</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (6,907)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and use allowance	17,080
Notes receivable originated	(340,840)
Collection of notes receivable	328,116
Allowance for doubtful accounts	20,000
Decrease (increase) in:	
Accrued interest on notes receivable	(1,534)
Due from other governments	115,809
Accounts receivable	27,423
Prepaid items	(909)
Increase (decrease) in:	
Accounts payable	(114,847)
Accrued expenses	(107,075)
Compensated absences	(3,988)
Unearned revenue	90,748
Other postemployment benefits	47,200
Net cash provided by operating activities	<u>\$ 70,276</u>

See Notes to Basic Financial Statements.

Bi-State Regional Commission

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.

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.

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. Donated assets are recorded at the acquisition value at the date of donation.

Bi-State Regional Commission

Notes to Basic Financial Statements

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

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, 2017, the outstanding balance on these loans totaled \$1,025,143, net of an allowance for doubtful accounts of \$20,037, with interest rates ranging from 2.44 percent to 4 percent.

Unearned revenue: Resources that have been received but not earned are recorded as unearned revenue. Unearned revenue consists primarily of local program matches collected from members and state grant monies collected prior to the federal or state program being completed.

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 position: Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The Commission does not have deferred outflows of resources or deferred inflows of resources as of June 30, 2017. Net investment in capital assets 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 position is 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. Unrestricted net position consists of net position that does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified. As of June 30, 2017, no debt is outstanding for the purchase of capital assets. Restricted net position of \$2,228,150 are for the revolving loan program.

Net position flow assumption: Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as net position-restricted and net position-unrestricted, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider net position-restricted to have been depleted before net position-unrestricted is applied.

Note 2. Cash and Cash Equivalents

The Commission's cash and cash equivalents as of June 30, 2017, consists of the following:

Petty cash	\$ 350
Checking accounts	48,713
Certificate of deposit	100,000
Money market savings accounts	1,890,569
	<u>\$ 2,039,632</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

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, 2017.

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, 2017, the Commission's carrying amount of deposits totaled \$2,039,632 with the bank balance of \$2,101,380. Of the bank balance, \$460,811 was covered by federal depository insurance with the remaining \$1,640,569 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, 2017, 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, 2017:

	June 30, 2016	Additions	Deletions	June 30, 2017
Capital assets being depreciated:				
Equipment	\$ 225,143	\$ 4,164	\$ (20,758)	\$ 208,549
Accumulated depreciation	(158,776)	(17,080)	20,758	(155,098)
Capital assets, net	<u>\$ 66,367</u>	<u>\$ (12,916)</u>	<u>\$ -</u>	<u>\$ 53,451</u>

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, 2017 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

Note 6. Pension Plan

The Commission has a defined contribution pension plan Bi-State Regional Commission Retirement Income Plan covering substantially all employees who have completed 90 days of continuous service. The plan is administered by Bi-State Regional Commission.

Benefit terms: Benefit terms of the plan may be established and amended by Bi-State Regional Commission. 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.

Contributions: 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.

Pension expense: The Commission's total payroll for the year ended June 30, 2017 was \$1,270,034 of which \$1,214,834 was covered under this plan. The total contributions and administrative costs incurred by the Commission, net of forfeitures of \$15,084, for the year ended June 30, 2017 was \$97,571. Employees contributed \$54,668 during fiscal year 2017. Pension benefits paid by the Commission as they came due for the year ended June 30, 2017 were \$97,571. The Commission has \$6,960 payable for the pension plan as of June 30, 2017.

The plan assets are reported at fair value using quoted market prices. There are no plan assets accumulated in an irrevocable trust legally protected from creditors or plan administrators.

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 \$163,268 as of June 30, 2017. The compensated absences as of June 30, 2017, consist of accrued vacation.

	2016	Earned	Used	2017	Due Within One Year
Compensated absences	\$ 152,138	\$ 115,390	\$ 119,378	\$ 148,150	\$ 111,113

Bi-State Regional Commission

Notes to Basic Financial Statements

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 2017 for health insurance were \$163,569 and in 2016 \$159,900. There were no additional premiums owed to the County for past claims as of June 30, 2017 and 2016.

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, no 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 50 percent of the pre-Medicare retirees' health insurance premiums for single coverage. For fiscal year 2017, the Commission had no contributions. Active members receiving benefits have required monthly contributions of:

Coverage Type	Rate
Single	\$ 68.26
Single + One	153.56
Single + Two	202.34
Family	238.78

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

Bi-State Regional Commission

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

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	\$ 44,376
Interest on OPEB	16,944
Adjustments to ARC	(14,120)
	<hr/>
Annual OPEB costs	47,200
Contributions and payments made	-
Increase in net OPEB obligation	47,200
	<hr/>
Net OPEB obligation - July 1, 2016	423,592
Net OPEB obligation - June 30, 2017	<u>\$ 470,792</u>

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2017 and the two preceding years follows.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 47,501	-	\$ 375,774
June 30, 2016	47,818	-	423,592
June 30, 2017	47,200	-	470,792

Funded status and funding progress: As of June 30, 2017, the most recent valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$525,739 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$525,739. The covered payroll (annual payroll of active employees covered by the plan) was \$1,081,626 and the ratio of the UAAL to the covered payroll was 48.6 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.

Bi-State Regional Commission

Notes to Basic Financial Statements

Note 10. Other Postemployment Benefits (Continued)

In the June 30, 2017 actuarial valuation, the entry age method was used. The actuarial assumptions included a 4 percent investment rate of return, which includes a 4 percent inflation assumption, and a healthcare inflation rate of 5.5 percent with an ultimate rate of 4.5 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 adopted the following statements during the year ended June 30, 2017:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans: This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 77, Tax Abatement Disclosures: This Statement is intended to provide additional information about tax abatements to the public to further the ability to assess how tax abatements affect the Commission's financial position and results of operations, including the Commission's ability to raise revenue sources in the futures. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans: The objective of this Statement is to address the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions* to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provided defined benefit pensions to both employees of state and local governments and to employees who are not state or local governmental employees, and (3) has no predominate stator or local government employer.

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14: This Statement amends the blending requirements for the for the financial statement presentation of component units of state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

The implementation of the above statements did not have a material impact to the Commission's financial statements.

As of June 30, 2017, GASB had issued several statements not yet required to be implemented by the Commission. The Statements which might impact the Commission are as follows:

Bi-State Regional Commission

Notes to Basic Financial Statements

Note 11. Current and Pending Pronouncements (Continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the Commission beginning with its year ending June 30, 2018. This Statement replaces the requirements of *Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and *No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the Commission beginning with its year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, issued March 2016, will be effective for the Commission beginning with its year ending June 30, 2018. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the Commission beginning with its fiscal year ending June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the Commission beginning with its fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Bi-State Regional Commission

Notes to Basic Financial Statements

Note 11. Current and Pending Pronouncements (Continued)

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the Commission beginning with its fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the Commission beginning with its fiscal year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for in substance defeasance by providing guidance in transactions in which cash and other monetary assets acquired with only existing resources, resources other than those from proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also provides guidance on prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the Commission beginning with its fiscal year ending June 30, 2021. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Commission's management has determined the implementation of GASB Statement No. 75 will have a significant impact on the Commission's financial statements. The effect the other GASB Statements will have on the Commission's financial statements has not yet been determined.

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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]
2012	6/30/10	\$ -	\$ 715,513	\$ 715,513	0%	\$ 1,017,539	70.3%
2013	6/30/13	-	446,664	446,664	0%	1,059,933	42.1%
2014	6/30/13	-	446,664	446,664	0%	1,105,717	40.4%
2015	6/30/13	-	446,664	446,664	0%	1,108,212	40.3%
2016	6/30/13	-	446,664	446,664	0%	1,148,753	38.9%
2017	6/30/17	-	525,739	525,739	0%	1,081,626	48.6%

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 July 1, 2016. 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) 4 percent investment rate of return with an inflation assumption of 4% and 2) a healthcare inflation rate of 5.5% with an ultimate rate of 4.5%.
- d. The amortization method is a level percentage of projected payroll on an open basis.

Bi-State Regional Commission

Due From Other Governments

June 30, 2017

Source	Project	Period	Project Amount
Illinois Department of Transportation	Transportation PL & SMAP	16-17	\$ 41,750
Illinois Department of Transportation	Federal Transit & SMAP	16-17	40,243
Illinois Department of Transportation	Freight Data Tools	16-17	12,268
Illinois Department of Transportation	Data Warehouse	16-17	35,837
Illinois Department of Transportation	Henry Co Trails/Greenway	16-17	1,556
Illinois Department of Transportation	Federal Transit Non Urban HSTP/Mobility	16-17	4,914
Iowa Department of Public Health	Complete Streets	16-17	6,472
Iowa Department of Transportation	Transportation PL & Federal Transit	16-17	49,907
Iowa Department of Transportation	Regional Transit	16-17	20,816
Emergency Telephone System Board of Rock Island County	Local Programs	16-17	14,066
City of Aledo	Local Programs	16-17	5,276
City of Bettendorf	Transit Planner & Local Programs	16-17	15,956
City of Davenport	Transit Planner & Local Programs	16-17	10,513
City of East Moline	Local Programs	16-17	9,738
City of LeClaire	Local Programs	16-17	9,440
City of Moline	Local Programs	16-17	7,641
City of Rock Island	Local Programs	16-17	5,582
City of Silvis	Local Programs	16-17	1,099
Rock Island County	Local Programs	16-17	19,040
Rock Island County Waste Management Agency	Local Programs	16-17	4,528
Scott County	Local Programs	16-17	1,609
Scott County Decategorization Program	Financial Management	16-17	6,070
Scott County Housing Council	Financial Management	16-17	3,258
Western Illinois Regional Council	Keithsburg CDBG	16-17	6,036
Various under \$1,000 each and accrued at year-end	Various	16-17	4,913
			<u>\$ 338,528</u>

Bi-State Regional Commission

Schedule of Indirect Costs

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>
Indirect labor costs, general administration	\$ 230,565	\$ 228,641
Indirect nonlabor costs:		
Supplies and materials	7,000	7,409
Postage	10,000	8,763
Telephone	6,000	6,546
Printing and technical reproduction	1,500	1,859
Equipment maintenance	12,049	9,785
Rent	55,421	55,421
Travel, conferences and registration fees	2,500	2,200
Automobile expense	4,500	3,257
Equipment, furniture and fixtures	3,000	575
Legal, accounting and other professional fees	23,000	22,577
Library subscriptions	3,198	2,691
Memberships and dues	725	4,100
Insurance and bonding	13,000	14,619
Use allowance	23,000	15,237
Recruiting	600	-
Miscellaneous	400	175
Total indirect nonlabor costs	<u>165,893</u>	<u>155,214</u>
Total indirect costs	<u>\$ 396,458</u>	383,855
Indirect cost allocation (at a rate of 18%)		<u>255,737</u>
Under allocated indirect costs, current year		128,118
Total (over) allocated, prior years		<u>(120,088)</u>
Included in prepaid items		<u>\$ 8,030</u>

Bi-State Regional Commission

Schedule of Fringe Benefits

Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>
Vacation earned	\$ 112,087	115,390
Sick pay taken	39,135	46,015
FICA	95,906	94,745
Unemployment	1,996	1,934
Health insurance	184,464	163,569
Retirement	117,430	97,571
Life and LTD insurance	13,947	11,419
Auto allowance	5,040	5,040
Educational reimbursement	9,000	8,192
Total fringe benefits	<u>\$ 579,005</u>	543,875
Fringe benefit allocation (at a rate of 50%)		<u>549,800</u>
(Over) under allocated fringe benefits		(5,925)
Total (over) under allocated, prior years		<u>24,240</u>
Included in prepaid items		<u>\$ 18,315</u>

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	Illinois Department of Transportation			
	Federal Transit Nonurban Area Formula Grant - HSTP		Highway Planning and Construction	Federal Transit Technical Study
Fund Title	Year Ended June 30, 2017	Cumulative	Year Ended June 30, 2017	Year Ended June 30, 2017
Revenue, general support	\$ -	\$ -	\$ 32,324	\$ 5
Revenue, state grants & support	-	-	32,320	17,302
Revenue, federal grants administered by state	20,879	40,514	258,575	69,207
Total revenue	20,879	40,514	323,219	86,514
Expenditures:				
Salaries	11,381	21,796	174,186	48,098
Fringe benefits	5,691	10,898	87,093	24,049
Printing	321	453	856	206
Travel and conference	413	545	5,874	575
Indirect costs	3,073	6,822	47,030	12,986
Consultant	-	-	634	-
Miscellaneous	-	-	7,546	600
Total expenditures	20,879	40,514	323,219	86,514
Revenue over expenditures	\$ -	\$ -	\$ -	\$ -
Participation in costs by primary grantor		100%	80%	80%
Grant contract	\$ 69,637	\$ 286,694	\$ 69,208	
Grant participation permissible	\$ 40,514	\$ 258,575	\$ 69,207	
Grant funds received	35,600	221,463	37,013	
Grant funds not yet received	4,914	37,112	32,194	
Grant funds returned	\$ -	\$ -	\$ -	
Status	Complete	Complete	Complete	
		10%	20%	
Grant contract		\$ 35,837	\$ 17,302	
Grant participation permissible		\$ 32,320	\$ 17,302	
Grant funds received		27,682	9,253	
Grant funds not yet received		4,638	8,049	
Grant funds returned		\$ -	\$ -	
Status		Complete	Complete	

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	Illinois Department of Transportation		
	Henry Co. Trails & Greenways	Data Warehouse Portal	Freight Data Tool
	Year Ended June 30, 2017	Year Ended June 30, 2017	Year Ended June 30, 2017
	Fund Title		
Project Period			
Revenue, general support	\$ -	\$ -	\$ -
Revenue, state grants & support	1,556	35,837	12,268
Total revenue	1,556	35,837	12,268
Expenditures:			
Salaries	879	-	1,960
Fringe benefits	440	-	980
Indirect costs	237	-	529
Consultant	-	35,837	7,800
Miscellaneous	-	-	999
Total expenditures	1,556	35,837	12,268
Revenue over expenditures	\$ -	\$ -	\$ -
Participation in costs by primary grantor	100%	100%	100%
Grant contract	\$ 25,390	\$ 35,837	\$ 34,979
Grant participation permissible	\$ 1,556	\$ 35,837	\$ 12,268
Grant funds received	-	-	-
Grant funds not yet received	1,556	35,837	12,268
Grant funds returned	\$ -	\$ -	\$ -
Status	Incomplete	Complete	Incomplete

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	Iowa Department of Transportation		
	Highway Planning and Construction	Federal Transit Technical Study	Intermodal Transportation For Nonurbanized Areas
Fund Title	Year Ended June 30, 2017	Year Ended June 30, 2017	Year Ended June 30, 2017
Revenue, general support	\$ 39,699	\$ 13,059	\$ 12,422
Revenue, federal grants administered by state	158,755	52,229	49,649
Total revenue	198,454	65,288	62,071
Expenditures:			
Salaries	107,762	36,364	33,505
Fringe benefits	53,881	18,182	16,753
Printing	448	198	605
Travel and conference	1,942	125	1,874
Indirect costs	29,095	9,819	9,046
Miscellaneous	5,326	600	288
Total expenditures	198,454	65,288	62,071
Revenue over expenditures	\$ -	\$ -	\$ -
Participation in costs by primary grantor	80%	80%	80%
Grant contract	\$ 222,447	\$ 53,355	\$ 49,649
Grant participation permissible	\$ 158,755	\$ 52,229	\$ 49,649
Grant funds received	130,732	30,345	28,833
Grant funds not yet received	28,023	21,884	20,816
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, 2017**

Primary Grantor Agency	Local Government	
	Local Technical Services	General Local Support
Fund Title	Year Ended June 30, 2017	Year Ended June 30, 2017
Revenue, general support	\$ -	\$ 227,951
Revenue, state grants & support	34	183
Local	219,690	133,557
Other	-	1,772
Total revenue	219,724	363,463
Expenditures:		
Salaries	129,435	87,053
Fringe benefits	64,718	43,525
Printing	934	4,477
Travel and conference	597	13,361
Indirect costs	34,947	23,504
Consultant	-	128,750
Direct program costs	-	117,563
Miscellaneous	662	7,071
Total expenditures	231,293	425,304
Revenue (under) expenditures	\$ (11,569)	\$ (61,841)
Status	Complete	Complete

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	Illinois Department of Economic Opportunity	Iowa Department of Economic Development
Fund Title	Keithsburg IKE CDBG Grants	COG Technical
Project Period	Year Ended June 30, 2017	Year Ended June 30, 2017
Revenue, general support	\$ -	\$ 3
Revenue, state grants and support	-	11,176
Revenue, federal grants administered by local	6,036	-
Total revenue	6,036	11,179
Expenditures:		
Salaries	3,410	6,280
Fringe benefits	1,705	3,140
Printing	-	2
Travel and conference	-	40
Indirect costs	921	1,696
Miscellaneous	-	21
Total expenditures	6,036	11,179
Revenue over expenditures	\$ -	\$ -
Participation in costs by primary grantor	100%	100%
Grant contract	\$ 60,000	\$ 11,176
Grant participation permissible	\$ 6,036	\$ 11,176
Grant funds received	-	11,176
Grant funds not yet received	6,036	-
Grant funds returned	\$ -	\$ -
Status	Incomplete	Complete

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	<u>Economic Development Administration</u>	
Fund Title	<u>Planning Assistance</u>	
Project Period	<u>Year Ended June 30, 2017</u>	<u>Cumulative</u>
Revenue, general support	\$ 66,628	\$ 169,911
Revenue, federal grants	66,602	169,884
Total revenue	<u>133,230</u>	<u>339,795</u>
Expenditures:		
Salaries	65,731	155,207
Fringe benefits	32,865	76,644
Printing	3,094	7,680
Travel and conference	4,965	13,051
Indirect costs	17,748	57,538
Consultant	416	539
Miscellaneous	8,411	29,136
Total expenditures	<u>133,230</u>	<u>339,795</u>
Revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>
Participation in costs by primary grantor		50%
Grant contract		<u>\$ 169,884</u>
Grant participation permissible		\$ 169,884
Grant funds received		169,884
Grant funds not yet received		-
Grant funds returned		<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, 2017**

Primary Grantor Agency	<u>Local Government</u>
Fund Title	<u>Municipal Code Enforcement System</u>
Project Period	<u>Year Ended June 30, 2017</u>
Revenue, local	<u>\$ 290,455</u>
Expenditures:	
Salaries	74,235
Fringe benefits	37,117
Printing	1,731
Indirect costs	20,044
Consultant	42,130
Miscellaneous	2,398
Total expenditures	<u>177,655</u>
Revenue over expenditures	<u>\$ 112,800</u>
Status	Complete

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	<u>Iowa Department of Public Health</u>
Fund Title	<u>Complete Streets</u>
Project Period	<u>Year Ended June 30, 2017</u>
Revenue, state grants and support	<u>\$ 6,472</u>
Expenditures:	
Salaries	3,297
Fringe benefits	1,649
Printing	5
Travel and conference	131
Indirect costs	890
Total expenditures	<u>5,972</u>
Revenue over expenditures	<u><u>\$ 500</u></u>
Participation in costs by primary grantor	100%
Grant contract	<u><u>\$ 10,000</u></u>
Grant participation permissible	\$ 6,472
Grant funds received	-
Grant funds not yet received	6,472
Grant funds returned	<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, 2017**

Primary Grantor Agency	<u>Economic Development Administration</u>	
	Bi-State Revolving Loan Fund	Mercer Muscatine Revolving Loan Fund
Fund Title	Year Ended June 30, 2017	Year Ended June 30, 2017
Project Period		
Revenue, program income interest	\$ 20,497	\$ 9,038
Expenditures:		
Salaries	5,165	677
Fringe benefits	2,583	338
Printing	34	10
Indirect costs	1,395	183
Miscellaneous	216	(110)
Total expenditures	<u>9,393</u>	<u>1,098</u>
Revenue over expenditures	<u>\$ 11,104</u>	<u>\$ 7,940</u>
Status	Incomplete	Incomplete

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	<u>Local Government</u>
	Rock Island County Waste Management Agency
Fund Title	<u>Agency</u>
Project Period	Year Ended <u>June 30, 2017</u>
Revenue, local	<u>\$ 46,381</u>
Expenditures:	
Salaries	26,012
Fringe benefits	13,006
Printing	132
Travel and conference	208
Indirect costs	7,023
Total expenditures	<u>46,381</u>
Revenue over expenditures	<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, 2017**

Primary Grantor Agency	Federal Transit Administration	
	Iowa QC Transit Planner	Bus & Bus Facilities
Fund Title	Year Ended June 30, 2017	Year Ended June 30, 2017
Revenue, federal grants	\$ -	\$ 1,356,618
Revenue, federal grants administered by local governments	82,856	-
Revenue, local	20,714	-
Total revenue	103,570	1,356,618
Expenditures:		
Salaries	57,460	-
Fringe benefits	28,730	-
Printing	122	-
Indirect costs	15,514	-
Direct program costs	1,499	1,356,618
Miscellaneous	245	-
Total expenditures	103,570	1,356,618
Revenue over expenditures	\$ -	\$ -
Participation in costs by primary grantor	80%	100%
Grant contract	\$ 92,458	\$ 1,541,576
Grant participation permissible	\$ 82,856	\$ 1,356,618
Grant funds received	67,732	1,356,618
Grant funds not yet received	15,124	-
Grant funds returned	\$ -	\$ -
Status	Complete	Incomplete

Bi-State Regional Commission

**Schedules of Revenues and Expenses and Computation of
Grantor Participation on Completed Projects
Year Ended June 30, 2017**

Primary Grantor Agency	Iowa Department of Homeland Security
Fund Title	Scott County Hazard Mitigation Plan
Project Period	Year Ended June 30, 2017
Revenue:	
Revenue, general support	\$ -
Federal grants administered by local governments	11,370
Total revenue	<u>11,370</u>
Expenditures:	
Salaries	6,400
Fringe benefits	3,200
Printing	42
Indirect costs	1,728
Total expenditures	<u>11,370</u>
Revenue over expenditures	<u>\$ -</u>
Participation in costs by primary grantor	100%
Grant contract	<u>\$ 30,000</u>
Grant participation permissible	\$ 11,370
Grant funds received	9,761
Grant funds not yet received	1,609
Grant funds returned	<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, 2017**

Primary Grantor Agency	Illinois Department of Emergency Management
Fund Title	Rock Island County Hazard Mitigation Plan
Project Period	Year Ended June 30, 2017 Cumulative
Revenue:	
Revenue, general support	\$ 1,732 \$ 1,732
Federal grants administered by local governments	134 62,504
Total revenue	1,866 64,236
Expenditures:	
Salaries	865 32,273
Fringe benefits	432 15,616
Printing	335 644
Travel	- 52
Indirect costs	234 15,651
Total expenditures	1,866 64,236
Revenue over expenditures	\$ - \$ -
Participation in costs by primary grantor	100%
Grant contract	\$ 62,504
Grant participation permissible	\$ 62,504
Grant funds received	62,370
Grant funds not yet received	134
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, 2017**

Primary Grantor Agency	Center for Disease Control		
	Safe Route to Schools and Trails Website Year 2		Safe Route to Schools and Trails Website Year 3
Fund Title	Year Ended June 30, 2017	Cumulative	Year Ended June 30, 2017
Revenue:			
Revenue, general support	\$ 19	\$ 19	\$ -
Federal grants administered by local governments	54,546	141,277	77,116
Total revenue	54,565	141,296	77,116
Expenditures:			
Salaries	25,869	66,598	41,148
Fringe benefits	12,935	33,299	20,574
Printing	230	542	394
Indirect costs	6,985	21,647	11,110
Consultant	8,546	19,210	3,890
Total expenditures	54,565	141,296	77,116
Revenue over expenditures	\$ -	\$ -	\$ -
Participation in costs by primary grantor		100%	100%
Grant contract	\$ 141,277	\$ 109,775	
Grant participation permissible	\$ 141,277	\$ 77,116	
Grant funds received	141,277	54,411	
Grant funds not yet received	-	22,705	
Grant funds returned	\$ -	\$ -	
Status	Complete	Incomplete	

Bi-State Regional Commission

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	Contract or Pass-Through Entity Identifying Number	Catalog of Federal Domestic Assistance Number	Pass- Through To Subrecipients	Expenditures
U.S. Department of Commerce				
Direct:				
Economic Development Administration:				
Support for Planning Organizations	06-83-05920	11.302	\$ -	\$ 66,602
Economic Adjustment Assistance	06-39-02167-02	11.307	-	1,055,846
Economic Adjustment Assistance	06-79-05507	11.307	-	393,913
			-	1,449,759
Total U.S. Department of Commerce			-	1,516,361
U.S. Department of Transportation				
Direct:				
Federal Transit Administration				
Bus & Bus Facilities Formula	IL-2016-007	20.526	60,615	60,615
Bus & Bus Facilities Formula	IL-2016-008	20.526	149,958	149,958
Bus & Bus Facilities Formula	IL-2016-009	20.526	947,449	947,449
Bus & Bus Facilities Formula	IL-2016-010	20.526	198,596	198,596
			1,356,618	1,356,618 (3)
Passed through:				
Illinois Department of Transportation:				
Highway Planning and				
Construction Program	RPC UWP 1675104901	20.205	-	258,575 (1)
Federal Transit Technical Study Program	RPC UWP 1675104901	20.505	-	69,207 (2)
Public Transportation for Non Urban Area Formula Grant	HSTP 15106100601	20.513	-	20,879
City of Bettendorf, Federal Transit	N/A	20.507	-	82,856 (3)
Iowa Department of Transportation:				
Highway Planning and				
Construction Program	17-MPO-BSRC	20.205	-	158,755 (1)
Federal Transit Technical Study Program	17-MPO-BSRC	20.505	-	52,229 (2)
Intermodal Transportation for Nonurbanized Areas	17-RPA-09	20.205	-	49,649 (1)
Total U.S. Department of Transportation			1,356,618	2,048,768
Federal Emergency Management Agency				
Passed Through:				
Iowa Department of Homeland Security				
Scott County, Pre-Diaster Mitigation Program	PL-2015-06-01	97.047	-	11,370
Illinois Department of Emergency Management				
Rock Island County, Pre-Diaster Mitigation Program	DR-4116-IL	97.039	-	134
Total Federal Emergency Management Agency			-	11,504

(continued)

Bi-State Regional Commission

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	Contract or Pass-Through Entity Identifying Number	Catalog of Federal Domestic Assistance Number	Pass- Through To Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Passed Through:				
Illinois Department of Commerce & Economic Opportunity, Public Facilities Disaster Program	08-354064	14.228	-	6,036
U.S. Department of Health & Human Services				
Passed through:				
Center for Disease Control & Prevention, Unity Point Health, Partnership to Improve Community Health	U58DP005680	93.331	-	131,662
Total Expenditures of Federal Awards			\$ 1,356,618	\$ 3,714,331

(1) Total expenditures for CFDA 20.205 \$466,979

(2) Total expenditures for CFDA 20.505 \$121,436

(3) Total expenditures for Federal Transit Cluster CFDA 20.507 and 20.526 \$1,439,474

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, 2017

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Commission under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Commission.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, or the cost principles contained in OMB Circular A-87, *Cost Principles of State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some accounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Indirect Cost Rate

The Commission has a negotiated indirect cost rate of 18%.

Note 4. Noncash Assistance and Loans Outstanding

The Commission had \$1,025,143 of loan balances outstanding as of June 30, 2017 related to the EDA Revolving Loan Fund (CFDA 11.307). The current year \$1,449,759 EDA Revolving Loan Fund (CFDA 11.307) expenditures, disclosed in the schedule of expenditures of federal awards, constituted 62 percent of the combined EDA Revolving Loan Fund of June 30, 2017 outstanding loan balances, June 30, 2017 cash and investment balances and June 30, 2017 administrative expenses of \$2,343,559.

Bi-State Regional Commission

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017**

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, in accordance with the 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, the financial statements of the Bi-State Regional Commission, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bi-State Regional Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bi-State Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Bi-State Regional Commission's internal control.

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 a 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bi-State Regional Commission's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bi-State Regional Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bi-State Regional Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
November 13, 2017



**Independent Auditor's Report on Compliance For
Each Major Federal Program and On Internal Control
Over Compliance Required By the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited Bi-State Regional Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bi-State Regional Commission's major federal programs for the year ended June 30, 2017. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bi-State Regional Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Bi-State Regional Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Bi-State Regional Commission complied, in all material respects, with the types of 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, 2017.

Report on Internal Control Over Compliance

Management of Bi-State Regional Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bi-State Regional Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
November 13, 2017

Bi-State Regional Commission

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

- Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Federal Transit Cluster:	
20.507	Federal Transit-Formula Grants
20.526	Bus & Bus Facilities Formula

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

- Yes No

(Continued)

Bi-State Regional Commission

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Part II: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

Instances of noncompliance:

No matters were reported.

Internal control deficiencies:

No matters were reported.