

**CHICAGO METROPOLITAN
AGENCY FOR PLANNING**

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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CHICAGO METROPOLITAN AGENCY FOR PLANNING

ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Board Members
Chicago Metropolitan Agency for Planning
233 South Wacker, Suite 800
Chicago, Illinois 60606

We have audited the accompanying financial statements of the business-type activities of the Chicago Metropolitan Agency for Planning as of and for the year ended June 30, 2011, which are identified as the basic financial statements in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion 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 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 business-type activities of Chicago Metropolitan Agency for Planning as of June 30, 2011, and the changes in its financial position and its 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 3, 2011 on our consideration of the Chicago Metropolitan Agency for Planning'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information as listed in the table of contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Chairman and Board Members
Chicago Metropolitan Agency for Planning

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Chicago Metropolitan Agency for Planning's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements of the Chicago Metropolitan Agency for Planning. The supplementary information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information as listed in the table of contents has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.


Oak Brook, Illinois
November 3, 2011

Chicago Metropolitan Agency for Planning Management's Discussion and Analysis (Unaudited) June 30, 2011

Background

The Chicago Metropolitan Agency for Planning (CMAP) was created in 2005 as the comprehensive regional planning organization for the northeastern Illinois counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will. Through the Regional Planning Act (Public Act 094-510) in 2005, there was a merger of the Northeastern Illinois Planning Commission (NIPC) and the Chicago Area Transportation Study (CATS) to create the new Regional Planning Board, which was renamed as CMAP in 2006. The merger was completed at the end of fiscal year 2007.

By state and federal law, CMAP is responsible for producing the region's official, integrated plan for land use and transportation. The agency projects that metropolitan Chicago will gain 2.8 million new residents and 1.8 million jobs in the next three decades. CMAP developed and now leads the implementation of *GO TO 2040*, metropolitan Chicago's first comprehensive regional plan in more than 100 years. To address the anticipated population growth, *GO TO 2040* was adopted on October 13, 2010 to establish coordinated strategies that help the region's 284 communities address transportation, housing, economic development, open space, the environment, and other quality-of-life issues. See www.cmap.illinois.gov and www.goto2040.org for more information.

CMAP has published an annual report highlighting the accomplishments for fiscal year 2011. A copy of the CMAP annual report can be obtained at www.cmap.illinois.gov.

Management's Discussion and Analysis

This section of CMAP's financial statements presents management's discussion and analysis (MD&A) of the financial activities of CMAP during the fiscal year ended June 30, 2011. Please read it in conjunction with the basic financial statements, including the accompanying notes to financial statements, which follow this section.

Financial Highlights

The fiscal year 2011 expenses focused on facilitating the aggressive implementation of *GO TO 2040*. In addition to MetroPulse, CMAP Local Technical Assistance (LTA) program funded by the U.S. Department of Housing and Urban Development (HUD), and formation of the Energy Impact Illinois (EI2) alliance for building retrofits with funding from the U.S. Department of Energy (DOE), the agency staff is partnering with stakeholder organizations and individuals on a wide range of planning strategies set forth in the region's new comprehensive plan.

Government-wide Financial Statements

The two main components to the government-wide financial statements are: (1) the statement of net assets and (2) the statement of revenues, expenses and changes in net assets. These are the two major statements that are analyzed in terms of obtaining a broad overview of the finances, value and annual operations of CMAP.

Generally, governmental-wide statements can present two different components: governmental activities, which are operations primarily supported by tax revenues, and business-type activities, which are those activities that are self-funded. All the operations of CMAP are considered to be business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CMAP uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. CMAP is unique to many governments since it is an entity with only one fund, proprietary in nature.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

**Chicago Metropolitan Agency for Planning
Management's Discussion and Analysis (Unaudited)
June 30, 2011**

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of the entity's financial position. The following tables highlight the increase in net assets of the entity from \$1,706,900 for June 30, 2010 to \$2,695,365 as of June 30, 2011 (an increase of \$988,465 or 58%).

| Table 1 Condensed Statement of Net Assets (in thousands) | | |
|---|-------------------------------------|-----------------|
| | Business-type Activities | |
| | 2010 | 2011 |
| Current and other assets | \$5,316 | \$14,635 |
| Capital assets | 959 | 1,191 |
| Total assets | <u>\$6,275</u> | <u>\$15,826</u> |
| Other liabilities | \$4,568 | \$13,131 |
| Total liabilities | <u>\$4,568</u> | <u>\$13,131</u> |
| Net assets | | |
| Invested in capital assets | \$959 | \$1,191 |
| Restricted for grant projects | - | 650 |
| Unrestricted | 748 | 854 |
| Total net assets | <u>\$1,707</u> | <u>\$2,695</u> |

The statement of net assets is a snapshot as of the end of the fiscal year, reporting information on all of CMAP's assets and liabilities, with the difference between the two reported as net assets. The net assets may serve over time as a useful indicator of whether the financial position of an organization is improving or deteriorating. The assets of CMAP exceeded liabilities by \$2,695,365 as of June 30, 2011, as compared to net assets of \$1,706,900 as of June 30, 2010 an increase of \$988,465 or 58%. The largest component of net assets reflects CMAP's capital assets. Restricted net assets represent those grant projects that have provided advance funds for restricted purposes.

NIPC entered into a new office lease in the fiscal year ended June 30, 2006. As an incentive to enter into the lease, NIPC was granted rent abatements for certain months throughout the term of the lease, including the first twelve months of the lease, two months in FY 08, three months in FY 09, and three months in FY 10. The benefit of these abatements is being recognized evenly over the life of the lease. Consequently, a liability is reported ("rent abatement") for the portion of the abatements received since the beginning of the lease that will be recognized over the remaining lease term. As part of the enabling legislation, CMAP assumed all of NIPC obligations and is now responsible for the office lease.

**Chicago Metropolitan Agency for Planning
Management's Discussion and Analysis (Unaudited)
June 30, 2011**

The largest component of the assets is cash and accounts receivable, which account for 91% of the total assets. The largest components of the total liabilities are accounts payable, which had a balance of \$1,053,440 and \$10,705,113 at June 30, 2010 and 2011, respectively, and the value of the rent abatement of \$1,639,415 and \$1,468,681 on June 30, 2010 and 2011, respectively.

| Table 2 | | | | |
|-----------------------------------|-----------------|-------------------|-----------------|-------------------|
| Changes in Net Assets | | | | |
| (in thousands) | | | | |
| | 2010 | % of Total | 2011 | % of Total |
| Operating revenues | | | | |
| Grant revenue | | | | |
| Federal | \$14,881 | 73% | \$27,347 | 85% |
| State | 2,609 | 13% | 3,500 | 11% |
| Other | 2,708 | 13% | 1,203 | 4% |
| Contributions | 247 | 1% | 261 | 1% |
| Miscellaneous | 57 | 0% | 35 | 0% |
| Total Operating revenues | <u>\$20,502</u> | 100% | <u>\$32,346</u> | 100% |
| Operating expenses | | | | |
| Personnel services | \$8,951 | 43% | 9,266 | 30% |
| Operating expenses | 1,692 | 8% | 1,840 | 6% |
| Commodities | 349 | 2% | 477 | 2% |
| In-kind expenses | 2,352 | 11% | 812 | 3% |
| Contractual services | 3,094 | 15% | 16,656 | 53% |
| Subcontractor expense | 3,801 | 18% | 1,940 | 6% |
| Depreciation expense | 395 | 2% | 334 | 1% |
| Capital expense | 0 | 0% | 12 | 0% |
| Miscellaneous | 21 | 0% | 22 | 0% |
| Total operating expenses | <u>\$20,655</u> | 100% | <u>\$31,359</u> | 100% |
| Non-operating income | | | | |
| Interest | \$2 | 100% | \$3 | 100% |
| Total Non-operating income | <u>\$2</u> | 100% | <u>\$3</u> | 100% |
| Increase (decrease) in net assets | (\$151) | | \$988 | |

Chicago Metropolitan Agency for Planning Management's Discussion and Analysis (Unaudited) June 30, 2011

The largest component of operating revenues is federal grants. For its core operating activities, federal grants are passed to CMAP through the appropriate state agency—primarily Illinois Department of Transportation and Illinois Environmental Protection Agency. In FY 11, CMAP received federal funding for the special grant programs for the LTA program directly from the U.S. Department of Housing and Urban Development and for the E12 alliance directly from the U.S. Department of Energy. The federal and state grants of \$17,490,148 and \$30,846,694 at June 30, 2010 and 2011, respectively, increased by \$13,356,546, or 76%.

In 2007, the Regional Planning Act was amended and included the creation of the Comprehensive Regional Planning Fund (CRPF). The CRPF distributes 70% of its annual General Revenue Fund allocation to CMAP. The CRPF is used for matching grant funds and other comprehensive regional planning purposes. For FY 11, the CRPF was not funded and the Illinois Department of Transportation provided monies to match the U. S. Department of Transportation grants.

The operating expenses of \$20,654,809 and \$ 31,360,129 at June 30, 2010 and 2011, respectively, increased by \$10,705,320 or 52%.

Capital Assets

The capital assets are the furniture, office equipment, leasehold improvements and software owned by CMAP. The capital assets of \$959,116 and \$1,190,984 at June 30, 2010 and 2011, respectively, increased by \$231,868, or 24%. Further capital asset information can be found in Note 3 of the notes to the financial statements.

Summary and Future Considerations

In 2007, CMAP initiated the development of the Regional Comprehensive Plan, now known as the *GO TO 2040* plan. The plan will guide growth and investment for Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties for the rest of this century. In addition to land use and transportation, *GO TO 2040* also addresses the full range of quality-of-life issues, including the natural environment, economic development, housing, and human services such as education, health care and other social services. The *GO TO 2040* Plan was adopted on October 13, 2010. After the adoption of the Plan, CMAP has focused on implementing the Plan recommendations.

Requests for Information

The financial report is designed to provide a general overview of the financial operations of the Chicago Metropolitan Agency for Planning. Questions concerning any of the information in this report or requests for additional information should be sent to the Deputy Executive Director for Finance and Administration, Chicago Metropolitan Agency for Planning, 233 South Wacker Drive, 8th Floor, Chicago, Illinois 60606.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

STATEMENT OF NET ASSETS

JUNE 30, 2011

| | Business-type Activities |
|---|-----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 2,870,700 |
| Receivables | 11,602,516 |
| Prepaid expenses | 162,333 |
| Capital assets, net of accumulated depreciation | <u>1,190,984</u> |
| Total assets | <u>15,826,533</u> |
| Liabilities | |
| Accounts payable | 10,705,113 |
| Accrued payroll | 560,983 |
| Accrued payroll liabilities | 396,391 |
| Rent abatement | <u>1,468,681</u> |
| Total liabilities | <u>13,131,168</u> |
| Net Assets | |
| Invested in capital assets | 1,190,984 |
| Restricted for grant projects | 650,191 |
| Unrestricted | <u>854,190</u> |
| Total net assets | <u>\$ 2,695,365</u> |

See accompanying notes to financial statements.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSTS FOR THE YEAR ENDED JUNE 30, 2011

| | Business-type Activities |
|-----------------------------------|-----------------------------|
| Operating revenues: | |
| Grant revenue: | |
| Federal | \$ 27,346,821 |
| State | 3,499,873 |
| Other | 1,203,355 |
| Contributions | 261,114 |
| Miscellaneous | <u>34,775</u> |
| Total operating revenues | <u>32,345,938</u> |
| Operating expenses: | |
| Personnel services | 9,265,805 |
| Operating expenses | 1,840,309 |
| Commodities | 476,934 |
| In-kind expenses | 811,950 |
| Contractual services | 16,656,486 |
| Subcontractor expense | 1,940,386 |
| Depreciation expense | 334,324 |
| Capital expense | 11,764 |
| Miscellaneous | <u>22,171</u> |
| Total operating expenses | <u>31,360,129</u> |
| Operating income | <u>985,809</u> |
| Nonoperating revenue: | |
| Interest income | <u>2,656</u> |
| Total nonoperating revenue | <u>2,656</u> |
| Change in net assets | 988,465 |
| Net assets, beginning of the year | <u>1,706,900</u> |
| Net assets, end of the year | <u>\$ 2,695,365</u> |

See accompanying notes to financial statements.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2011

| | Business-type Activities |
|---|-----------------------------|
| Cash flows from operating activities: | |
| Received from other local governments | \$ 295,889 |
| Received from operating grants | 22,681,928 |
| Paid to suppliers for goods and services | (12,517,507) |
| Paid to employees for services | <u>(9,134,954)</u> |
| Net cash flows from operating activities | <u>1,325,356</u> |
| Cash flows from investing activities: | |
| Investment income | <u>2,656</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | <u>(566,192)</u> |
| Net change in cash and cash equivalents | 761,820 |
| Cash and cash equivalents, beginning of the year | <u>2,108,880</u> |
| Cash and cash equivalents, end of the year | <u>\$ 2,870,700</u> |
| Reconciliation of operating income to net cash flows from operating activities: | |
| Operating income | \$ 985,809 |
| Adjustments to reconcile operating loss to net cash flows from operating activities: | |
| Noncash activity: | |
| Depreciation expense | 334,324 |
| Changes in: | |
| Receivables | (8,556,171) |
| Prepaid expenses | (1,943) |
| Accounts payable | 8,603,220 |
| Accrued payroll | 114,597 |
| Compensated absences payable | 16,254 |
| Deferred rent credit | <u>(170,734)</u> |
| Net cash flows from operating activities | <u>\$ 1,325,356</u> |
| Noncash operating activities: | |
| Contribution of subcontractor services | <u>\$ 811,950</u> |

See accompanying notes to financial statements.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On August 8, 2005, Illinois state legislature approved the Regional Planning Act to create a Regional Planning Board, also known as the Chicago Metropolitan Agency for Planning (the Agency). The Act called for the merger of the functions of the Chicago Area Transportation Study ("CATS"), the region's federally designated metropolitan planning organization, and the Northeastern Illinois Planning Commission (NIPC). Effective July 1, 2007, these entities were merged to form the Agency. These financial statements for the Agency reflect this broadened organization. No assets, liabilities and net assets from CATS were acquired or combined as a result of the merger. Before the merger, CATS was supported entirely by the Illinois Department of Transportation. All assets, liabilities and net assets from NIPC were assumed by CMAP during the merger.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements report information on all the activities of the Agency. The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Agency utilizes a single proprietary fund (enterprise fund) to account for its operations.

Proprietary funds are accounted for on the flow of economic resources measurement focus, and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The Agency accounts for operating expenses by project activity and cost category. Indirect expenses are allocated to projects based on a percentage of direct payroll (Note 4). The Agency applies all applicable FASB pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations, to the extent that those standards do not contradict the guidance of the Government Accounting Standards Board. Proprietary funds include the following fund type:

Enterprise Fund – Used to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the intent is that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Net assets are classified into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid investments, including bank money market accounts and Illinois Funds accounts, to be cash equivalents.

Federal and State Agency Grant Revenues

Project funds authorized under federal and state agency grants are requisitioned from such agencies, either on an advance basis, or for reimbursement of eligible costs incurred, up to maximum amounts of established under each grant. Revenues are generally recognized as eligible costs or requirements are incurred or met. A local matching contribution is required for many federal and state grants. The Agency requests, and has been successful in the past in obtaining, contributions from local government agencies to provide for the local matching portion of the grants. Such contributions are generally recognized as revenue when received. Grants receivable represent amounts earned under grant agreements but not yet received. The balance in accounts receivable at June 30, 2011 includes \$11,598,414 of grants receivable.

Accounts Receivable

Accounts receivable, which primarily represent amounts due from other federal, state and local governments in the form of grant payments, totaled \$11,602,516 at June 30, 2011. Accounts receivable are stated at the amount billed to the customer. The Agency does not charge interest or late fees on amounts past due. At June 30, 2011, there were no accounts past due over 90 days. The Agency has determined that an allowance for doubtful accounts is not necessary at June 30, 2011, based on management's evaluation of the aged accounts receivable. This evaluation of the collectibility of accounts receivable is based on past experience, known and inherent risks in the accounts, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Accounts deemed uncollectible are charged to expense.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Capital Assets

Capital assets, which consist of office equipment, furniture and fixtures, and leasehold improvements with an initial cost of greater than \$3,000 and a useful life greater than one year, are reported in the government-wide financial statements. Capital assets are capitalized at cost or estimated fair value if donated. Major additions are capitalized, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed in the period incurred. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed.

Depreciation has been provided on the straight-line method over the estimated useful lives of the assets, as follows:

| | |
|------------------------|--------------|
| Furniture and fixtures | 5 – 15 years |
| Office equipment | 3 – 6 years |
| Software | 3 years |

Leasehold improvements had been amortized using the straight-line method over the term of the related leases.

Compensated Absences Payable

The Agency accrues for vesting and accumulating unused sick leave and vacation time. Sick leave is earned at a rate of 1 day per month for full-time employees, and a pro-rated amount for regular part-time staff based on the percentage of time worked. There is no limit on the overall amount of sick leave that can be accrued. Upon termination, the sick leave accrued balance will be credited towards pension service, in accordance with the guidelines of the Illinois Municipal Retirement Fund and the State Employees Retirement System. Vacation is earned by full-time employees at a rate of 1 day per month for the first three years, 1.33 days per month for the next three years, and 1.66 days per month thereafter. Up to 30 days of unused vacation can be carried forward. Vacation must be used within 18 months of when it is earned, unless approved by the Executive Director. Compensated absences payable at June 30, 2011 were \$396,391.

Deferred Rent Credit

The Agency has recognized a liability for the rent abatements received in the current year under the office lease, and will recognize the benefit of the current and future rent abatement over the life of the lease.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

The Executive Director presents an annual operating budget, first to the Finance Committee, and later to the full Board of Directors. The Board approves the budget prior to the beginning of the fiscal year. The Executive Committee serves as the audit and finance committee for the Board and approves revisions to the annual budget. At a minimum the Executive Committee considers revisions when reviewing the six-month financial report. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that the Agency budgets for capital outlay expenses and does not budget for depreciation and amortization. The various funding sources have different beginning and ending dates funding the activities. The budget was approved on June 9, 2010. For the year ended June 30, 2011, expenses exceeded budget by \$1,841,054. This excess was funded by available net assets.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS

Deposits

At June 30, 2011, the carrying amount of the Agency's cash and cash equivalents was \$2,870,700. These balances are comprised of \$247,675 of deposits with financial institutions, \$2,622,725 of deposits with Illinois funds and \$300 of cash on hand.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold.

Custodial Credit Risk. For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. At June 30, 2011, the Agency had a bank balance with local financial institutions of \$282,155, which is fully insured by the FDIC. The Illinois Funds is a money market fund created in 1975 by the Illinois General Assembly to provide custodians of public funds with an alternate investment vehicle which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds. Because these investments are fully insured or collateralized, there is no exposure to custodial credit risk.

Capital Assets

Capital asset activity for the year ended June 30, 2011, is as follows:

| | <i>Beginning Balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Balance</i> |
|--|------------------------------|-------------------|------------------|---------------------|
| Capital assets being depreciated: | | | | |
| Furniture | \$ 904,269 | - | \$ - | \$ 904,269 |
| Office equipment | 841,921 | 321,706 | - | 1,163,627 |
| Leasehold improvements | 356,270 | 224,446 | - | 580,716 |
| Software | <u>347,527</u> | <u>20,040</u> | - | <u>367,567</u> |
| Total capital assets being depreciated | <u>2,449,987</u> | <u>566,192</u> | - | <u>3,016,179</u> |
| Less accumulated depreciation for: | | | | |
| Furniture | 677,595 | 22,669 | - | 700,264 |
| Office equipment | 592,619 | 201,395 | - | 794,014 |
| Leasehold improvements | 17,814 | 46,849 | - | 64,663 |
| Software | <u>202,843</u> | <u>63,411</u> | - | <u>266,254</u> |
| Total accumulated depreciation | <u>1,490,871</u> | <u>334,324</u> | - | <u>1,825,195</u> |
| Total capital assets, net | <u>\$ 959,116</u> | <u>\$ 231,868</u> | <u>\$ -</u> | <u>\$ 1,190,984</u> |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

Operating Lease Commitments

The Agency conducts its operations in facilities rented under a noncancelable operation lease entered into September 1, 2005. The lease period extends through August 31, 2020. Under the Agency's agreement with the landlord, the landlord abated the rent for the first twelve months of the term of the lease and months 23, 24, 37, 38, 39, 49, 50, and 51. The Agency will recognize the benefit of the rent abatements over the life of the lease. The following schedule reflects the Agency's gross commitment for the future minimum annual rental payments. The schedule of future minimum lease payments shown below does not reflect the proportionate share of any increase in expenses or taxes for those years.

| <i>Year Ending June 30, 2011</i> | <i>Agency Payments</i> |
|---|-------------------------------|
| 2012 | 1,397,756 |
| 2013 | 1,445,357 |
| 2014 | 1,475,649 |
| 2015 | 1,501,614 |
| 2016 | 1,527,578 |
| 2017- 2021 | 6,642,585 |
| Total | <u>\$ 13,990,539</u> |

NOTE 4 – OTHER INFORMATION

Illinois Municipal Retirement Fund ("IMRF")

The Agency's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Agency is required to contribute at an actuarially determined rate. The employer rate for calendar year 2010 was 20.37 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed bases (overfunded liability amortized on open basis). The amortization period at December 31, 2008 was 10 years.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 4 – OTHER INFORMATION – (CONTINUED)

For December 31, 2010, 2009, and 2008, the Agency's annual pension cost of \$949,090; \$636,129; and \$734,105, respectively, was equal to the Agency's required and actual contributions. The required contribution was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor.

As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 46.86 percent funded. The actuarial accrued liability for benefits was \$6,330,158 and the actuarial value of assets was \$2,966,575, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,363,583. The covered payroll (annual payroll of active employees covered by the plan) was \$4,659,256 and the ratio of the UALL to the covered payroll was 72 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

State Employees' Retirement System ("SERS")

As of September, 2008, employees who were eligible to participate in the State Employees' Retirement System (SERS) under Chicago Area Transportation Study (CATS) were allowed to participate in SERS, which is a pension trust fund in the State of Illinois reporting entity. CATS merged with the Northeastern Illinois Planning Committee (NIPC) to create the current Chicago Metropolitan Agency for Planning (CMAP). SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2010 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

NOTE 4 – OTHER INFORMATION – (CONTINUED)

Employees participating in SERS are required to contribute 4.00 percent of their annual covered salary. The member rate is established by state statute. The Agency pays employer retirement contributions based upon an actuarial determined percentage of their payrolls. For fiscal year 2011, the employer contribution rate was 27.988%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Agency) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2004 budget, the State opted to stop paying the portion of the retirement for many State agencies (including the Agency) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies. For the year ended June 30, 2011, salaries totaling \$1,423,877 were paid that required employer contributions of \$399,879, which was equal to the Agency's actual contribution.

Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illness of employees and natural disasters. Those risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

Principal Deferred Compensation Plan

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the Agency, 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. A third party administrator manages the plan. The Agency experienced a transfer of plan administrators from ICMA to Principal in December of 2010. The assets of the Principal deferred compensation plan were placed in trust accounts with the plan administrator, for the exclusive benefit of participants and their beneficiaries, and are not considered assets of the Agency.

Indirect Cost

To facilitate equitable distribution of common purpose costs that benefit more than one direct cost objective, the Agency has established an agency-wide indirect cost allocation plan. Rates are based on a percentage of direct wages.

Contingencies

The Agency has received significant financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Agency. The Agency is not aware of any disallowed claims.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

ILLINOIS MUNICIPAL RETIREMENT FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND ANALYSIS OF FUNDING PROGRESS
 JUNE 30, 2011

| | Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation | | |
|--|--------------------------------|---------------------------------|-------------------------------------|------------------------------|--|--|
| | 12/31/2010 | \$ 949,090 | 100% | \$ - | | |
| | 12/31/2009 | 636,129 | 100% | - | | |
| | 12/31/2008 | 734,105 | 100% | - | | |

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| 12/31/2010 | \$ 2,966,575 | \$ 6,330,158 | \$ 3,363,583 | 46.86% | \$ 4,659,256 | 72.19% |
| 12/31/2009 | 1,824,462 | 5,686,918 | 3,862,456 | 32.08% | 4,908,407 | 78.69% |
| 12/31/2008 | 793,972 | 4,821,010 | 4,027,038 | 16.47% | 4,326,589 | 93.08% |
| 12/31/2007 | 2,122,735 | 4,023,886 | 1,901,151 | 52.75% | 4,933,248 | 38.54% |
| 12/31/2006 | 3,134,172 | 4,366,139 | 1,231,967 | 71.78% | 2,578,591 | 47.78% |
| 12/31/2005 | 3,200,939 | 4,540,094 | 1,339,155 | 70.50% | 2,179,916 | 61.43% |

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$3,665,019. On a market basis, the funded ratio would be 57.90%.

See independent auditors' report.

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CHICAGO METROPOLITAN AGENCY FOR PLANNING

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS NON GAAP BUDGETARY BASIS - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

| | Original and Final Budget | Actual |
|--|---------------------------------|---------------------|
| Revenues: | | |
| Grants | \$ 31,188,881 | \$ 31,238,099 |
| Contributions | 250,000 | 261,114 |
| Product sales, fees, and interest income | 48,914 | 37,431 |
| In-kind contributions | <u>811,951</u> | <u>811,950</u> |
| Total revenues | <u>32,299,746</u> | <u>32,348,594</u> |
| Expenses: | | |
| Personnel services | 9,682,620 | 9,265,805 |
| Operating expenses | 492,224 | 492,328 |
| Commodities | 437,725 | 504,302 |
| Occupancy expense | 1,524,703 | 1,525,282 |
| Contractual services | 13,304,520 | 16,656,486 |
| Capital Outlay | 577,954 | 566,192 |
| Non-Operating Expenses | 100,000 | - |
| In-kind services | 1,084,300 | 811,950 |
| Pass through grants | <u>2,717,631</u> | <u>1,940,386</u> |
| Total expenses | <u>29,921,677</u> | <u>31,762,731</u> |
| Change in budgetary net assets | <u>\$ 2,378,069</u> | 585,863 |
| Net assets, beginning of the year | | <u>1,706,900</u> |
| Budgetary net assets, end of the year | | 2,292,763 |
| Budget - GAAP Reconciliation | | |
| GAAP operating expenses: | | |
| Depreciation and amortization | | <u>(163,590)</u> |
| GAAP capital assets: | | |
| Capital outlay | | <u>566,192</u> |
| Net increase in net assets - budget to GAAP | | <u>402,602</u> |
| Net assets, end of the year | | <u>\$ 2,695,365</u> |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

SCHEDULE OF GRANT RECEIPTS, EXPENSES AND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

| Grant. No. | Grantor | Grant Period | | Total Project Amount | Grant Amount |
|---------------|-------------------------|--------------|------------|----------------------------|-----------------|
| | | From | To | | |
| S615 | Cook Co. Forest PD | 7/1/2003 | 12/31/2011 | \$ 173,840 | \$ 173,840 |
| S674 | IEPA | 7/24/2006 | 6/30/2010 | 3,350,254 | 2,000,000 |
| S691 | IDOT | 7/1/2007 | 6/30/2011 | 3,906,800 | 3,255,800 |
| S694 | IDOT | 7/23/2007 | open | 110,000 | 110,000 |
| S702 | IDOT | 7/1/2008 | 6/30/2011 | 1,828,823 | 1,353,975 |
| S703 | Chicago Community Trust | 7/8/2008 | 4/1/2011 | 1,065,000 | 1,065,000 |
| S705 | FTA | 7/1/2008 | 3/31/2011 | 256,600 | 256,600 |
| S706 | IEPA | 8/21/2008 | 12/31/2011 | 2,302,677 | 1,247,622 |
| S712 | IEPA | 5/18/2009 | 8/1/2011 | 791,245 | 672,996 |
| S715 | IDOT | 7/1/2009 | 6/30/2010 | 12,387,048 | 12,387,048 |
| S716 | IDOT | 7/1/2009 | 6/30/2012 | 1,763,535 | 1,666,828 |
| S717 | IDOT | 7/1/2009 | 6/30/2010 | 1,663,431 | 1,211,131 |
| S718 | UNIV OF IL CHICAGO | 6/9/2009 | 10/31/2010 | 45,000 | 45,000 |
| S719 | IEPA | 1/14/2010 | 12/31/2011 | 948,968 | 948,968 |
| S720 | IL INSTITUTE OF TECH | 11/19/2009 | 5/18/2011 | 45,000 | 45,000 |
| S721 | DOE | 5/19/2010 | 5/18/2013 | 25,000,000 | 25,000,000 |
| S722 | IDOT | 5/6/2010 | 6/30/2012 | 600,000 | 480,000 |
| S725 | IDOT | 7/1/2010 | 6/30/2011 | 12,164,790 | 12,164,790 |
| S726 | IDOT | 7/1/2010 | 6/30/2012 | 1,594,920 | 1,457,420 |
| S727 | IDOT | 8/19/2010 | 8/18/2012 | 885,558 | 885,558 |
| S728 | IDOT | 7/1/2010 | 6/30/2011 | 1,513,914 | 1,211,131 |
| S730 | Argonne/DOE | 4/1/2011 | 8/31/2011 | 18,703 | 18,703 |
| S732 | HUD | 1/15/2011 | 1/14/2014 | 8,730,850 | 4,250,000 |
| S710 | Woods Funds of Chicago | 1/9/2009 | open | 4,000 | 4,000 |
| S711 | Harris Bank | 4/22/2009 | open | 7,500 | 7,500 |

| GRANT RECEIPTS | | | | | EXPENSES | | | | Status |
|----------------------------|-------------------|-------------------------|--------|---------------------------------|----------------------------|-------------------|-------------------------------|--|--------|
| Prior FY 11 Receipts | FY 11 Receipts | Receivable 6/30/2011 | Refund | Remaining Grant 6/30/2011 | Prior FY 11 Expenses | FY 11 Expenses | Grant Balance 6/30/2011 | | Status |
| \$ 110,547 | \$ 26,889 | \$ 8,624 | \$ - | \$ 27,779 | \$ 117,507 | \$ 28,553 | \$ 27,779 | | |
| 1,693,652 | 306,348 | - | - | - | 2,000,000 | - | - | | Closed |
| 2,749,634 | 497,149 | - | 9,017 | - | 2,886,300 | 369,500 | - | | Closed |
| 86,630 | 21,457 | 1,913 | - | - | 93,138 | 16,862 | - | | Closed |
| 1,252,285 | 82,678 | - | - | 19,013 | 1,297,482 | 37,480 | 19,013 | | Closed |
| 816,125 | 223,875 | - | - | 25,000 | 586,670 | 453,330 | 25,000 | | Closed |
| 81,297 | 165,324 | - | - | 9,979 | 119,750 | 126,871 | 9,979 | | Closed |
| 528,125 | 429,777 | 15,257 | - | 274,463 | 835,933 | 137,226 | 274,463 | | |
| 143,250 | 396,838 | 122,872 | - | 10,036 | 248,260 | 414,700 | 10,036 | | |
| 10,300,818 | 1,773,745 | - | - | 312,485 | 12,074,563 | - | 312,485 | | Closed |
| - | 915,476 | 288,867 | - | 462,485 | 16,586 | 1,187,757 | 462,485 | | |
| 967,756 | 219,421 | - | - | 23,954 | 1,187,177 | - | 23,954 | | Closed |
| 19,358 | 25,642 | - | - | - | 45,000 | - | - | | Closed |
| 22,082 | 457,040 | 108,208 | - | 361,638 | 89,099 | 498,231 | 361,638 | | |
| - | 29,554 | 3,400 | - | 12,046 | - | 32,954 | 12,046 | | Closed |
| - | 4,202,161 | 9,309,508 | - | 11,488,332 | - | 13,511,668 | 11,488,332 | | |
| - | 9,577 | - | - | 470,423 | - | 9,577 | 470,423 | | |
| - | 10,720,745 | 1,291,680 | - | 152,366 | - | 12,012,424 | 152,366 | | Closed |
| - | 3,362 | 30,841 | - | 1,423,217 | - | 34,203 | 1,423,217 | | |
| - | 885,558 | - | - | - | - | 235,367 | 650,191 | | |
| - | 919,902 | 256,402 | - | 34,827 | - | 1,176,304 | 34,827 | | Closed |
| - | - | 6,647 | - | 12,056 | - | 6,940 | 11,763 | | |
| - | 274,137 | 154,196 | - | 3,821,667 | - | 428,333 | 3,821,667 | | |
| 4,000 | - | - | - | - | 3,184 | 816 | - | | Closed |
| 7,500 | - | - | - | - | 2,885 | 4,615 | - | | Closed |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

COMPUTATION OF FRINGE BENEFIT RATE AND STATEMENT OF FRINGE BENEFITS FOR THE YEAR ENDED JUNE 30, 2011

Computation of Fringe Benefit Rate:

| | | | |
|-----------------------|--------------|---|---------------|
| Total fringe benefits | \$ 2,773,319 | = | <u>42.44%</u> |
| Total salaries | \$ 6,534,604 | | |

Statement of Fringe Benefits:

| | |
|---------------------------|---------------------|
| Medicare | \$ 89,590 |
| FICA | 371,507 |
| IMRF | 954,054 |
| SERS | 399,879 |
| Life Insurance | 38,689 |
| Medical/Dental/Vision | 846,856 |
| Workers' compensation | 21,723 |
| Unemployment compensation | 20,394 |
| Other benefits | <u>30,627</u> |
| | <u>\$ 2,773,319</u> |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

COMPUTATION OF INDIRECT COST RATE FOR THE YEAR ENDED JUNE 30, 2011

Total Indirect Costs:

| | | |
|--|----|------------------|
| Management and administrative salaries and leave | \$ | 1,353,405 |
| Other indirect costs | | <u>1,815,355</u> |
| | \$ | <u>3,168,760</u> |

Total Base Costs:

| | | |
|--|----|------------------|
| Direct salaries, leave and fringe benefits | \$ | <u>7,954,518</u> |
|--|----|------------------|

Indirect Cost Rate:

| | | | | |
|----------------------|----|------------------|---|---------------|
| Total indirect costs | \$ | <u>3,168,760</u> | = | <u>39.84%</u> |
| Total base costs | \$ | 7,954,518 | | |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

SCHEDULE OF OTHER INDIRECT COSTS FOR THE YEAR ENDED JUNE 30, 2011

| | | |
|--------------------------------------|----|------------------|
| Breakroom supplies | \$ | 12,169 |
| Software - small value | | 1,033 |
| Equipment - small value | | 1,074 |
| Data acquisition | | 23 |
| Office supplies | | 20,546 |
| Copy room supplies | | 16,392 |
| Furniture - small value | | 2,825 |
| Audit services | | 38,364 |
| Office equipment leases | | 1,260 |
| Software maintenance/licenses | | 309 |
| Fiscal Mgt. maintenance/licenses | | 36,841 |
| Professional Services | | 25,156 |
| Office equipment maintenance | | 87,988 |
| Staff association memberships | | 320 |
| CMAP association memberships | | 195 |
| Postage/postal services | | 19,729 |
| Storage | | 4,046 |
| Miscellaneous | | 456 |
| Meeting expenses | | 1,000 |
| Recruitment expenses | | 3,041 |
| General insurance | | 26,736 |
| Legal services | | 3,486 |
| Printing services | | 252 |
| Bank service fees | | 3,101 |
| Conference registrations | | 278 |
| Training and education reimbursement | | 350 |
| Travel expenses | | 204 |
| Office maintenance | | 13,048 |
| Rent | | 1,380,881 |
| Telecommunications | | 52,345 |
| Utilities | | 57,049 |
| Sears Tower parking | | 4,860 |
| | | <hr/> |
| | \$ | <u>1,815,355</u> |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

DESCRIPTION OF GRANTS FOR THE YEAR ENDED JUNE 30, 2011

| <u>CMAP No.</u> | <u>through Agency</u> | <u>Grant Number</u> | <u>Description</u> |
|---|-----------------------|---|--|
| <u>Cook County Forest Preserve District</u> | | | |
| S-615 | | 22009 | Maple Lake Phase 2 Implementation |
| <u>Illinois Department of Transportation</u> | | | |
| S-694 | | P35-029-07 | Local Crash Data Collection |
| S-727 | | MPO CMAP/CRP 11-12/11BOB43 | Livable Communities Technical Assistance Go To 2040 |
| <u>Illinois Institute of Technology</u> | | | |
| S-720 | | DTFH61-10-C-00009 | Development and Application of the TRANSIMS Toolbox for Transportation Operations Management |
| <u>United States Department of Energy</u> | | | |
| S-721 | | DE-EE0003561 | Chicago Region Retrofit Ramp-Up (CR3) |
| <u>United States Environmental Protection Agency</u> | | | |
| S-706 | IEPA | 3190806 | Fox River Watershed Restoration & Education |
| S-712 | IEPA | 6040905 | Watershed Planning and Monitoring |
| S-719 | IEPA | 604101 | Water Quality Management Planning |
| <u>United States Department of Housing and Urban Development</u> | | | |
| S-732 | HUD | ILRIP00013-10 | Sustainable Communities |
| <u>United States Department of Transportation</u> | | | |
| S-691 | IDOT | MPO/CMAP 08-09 Competitive Program | FY 2008 Unified Work Program - Contracts |
| S-702 | IDOT | MPO CMAP Regional Council of Mayors PL 09 | FY 2009 Council of Mayors |
| S-705 | FTA | IL-20-X001-00 | Midwin National Tallgrass Prairie Public |
| S-716 | IDOT | MPO/CMAP PL10 DuPage Lake Competitive Program | FY2010 Unified Work Program Contracts |
| S-722 | IDOT | MPO-CMAP Cook DuPage Corridor Study | Cook/DuPage Technical Studies Grant |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

DESCRIPTION OF GRANTS FOR THE YEAR ENDED JUNE 30, 2011

| <u>CMAP No.</u> | <u>through Agency</u> | <u>Grant Number</u> | <u>Description</u> |
|---|---------------------------|-------------------------|--|
| <u>United States Department of Transportation con't.</u> | | | |
| S-725 | IDOT | MPO CMAP 3C Core UWP | FY2011 Unified Work Program |
| S-726 | IDOT | MPO CMAP 3C 11BOB19 | Fy2011 Unified Work Program Contracts |
| S-728 | IDOT | MPO CMAP RCOM | FY2011 Council of Mayors |
| <u>The Chicago Community Trust</u> | | | |
| S-703 | | C2008-01135 | Community Development |
| <u>Woods Fund of Chicago</u> | | | |
| S-710 | | GO TO 2040 | Planning for Public Outreach & Education |
| <u>Harris Bank</u> | | | |
| S-711 | | GO TO 2040 | Invent 2040 Workshops Development |



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INDEPENDENT AUDITORS' 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 Honorable Chairman and Board Members
Chicago Metropolitan Agency for Planning
233 South Wacker, Suite 800
Chicago, Illinois 60606

We have audited the financial statements of the business-type activities of the Chicago Metropolitan Agency for Planning (CMAP) as of and for the year ended June 30, 2011, which collectively comprise CMAP's basic financial statements and have issued our report thereon dated November 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CMAP'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 CMAP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CMAP's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses; and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. This material weakness is item 2011-1.

Honorable Chairman and Board Members
Chicago Metropolitan Agency for Planning

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CMAP's basic 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*.

CMAP's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit CMAP's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of CMAP's 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.

Baker Tilly Viechow Krause, LLP

Oak Brook, Illinois
November 3, 2011



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL AFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Chairman and Board Members
Chicago Metropolitan Agency for Planning
233 South Wacker, Suite 800
Chicago, Illinois 60606

Compliance

We have audited the compliance of Chicago Metropolitan Agency for Planning (CMAP) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. CMAP'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 CMAP's management. Our responsibility is to express an opinion on CMAP'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 CMAP'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 CMAP's compliance with those requirements.

In our opinion, CMAP complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

The management of CMAP 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 CMAP'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 CMAP's internal control over compliance.

Honorable Chairman and Board Members
Chicago Metropolitan Agency for Planning

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 CMAP's management, others within the entity, the 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.

Baker Tilly Virchow Krause, LLP
Oak Brook, Illinois
November 3, 2011

CHICAGO METROPOLITAN AGENCY FOR PLANNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|---------------------------|-------------------------------------|----------------------------|
| U.S. Environmental Protection Agency: | | | |
| Pass-through programs from: | | | |
| Illinois Environmental Protection Agency: | | | |
| Nonpoint Source Implementation Grants: | | | |
| Fox River Watershed Planning, Restoration, and Protection - Phase 4 | 66.460 | 3190806 | \$ <u>137,226</u> |
| Water Quality Management Planning: | | | |
| ARRA - Watershed Planning and Monitoring | 66.454 | 6040905 ((604(b)) | 414,700 |
| Water Quality Management Planning - '10 | 66.454 | 604101 (604(b)) | <u>498,231</u> |
| Total CFDA #66.454 | | | 912,931 * |
| Total U.S. Environmental Protection Agency | | | <u>1,050,157</u> |
| U.S. Department of Energy | | | |
| Direct Programs: | | | |
| ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) | | | |
| Energy Retrofit Ramp-Up (CR3) | 81.128 | DE-EE0003561/000 | <u>13,511,668</u> |
| Total U.S. Department of Energy | | | <u>13,511,668 *</u> |
| U.S. Department of Housing and Urban Development | | | |
| Direct Programs: | | | |
| Sustainable Communities | 14.703 | ILRIP00013-10 | <u>428,333</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>428,333</u> |
| U.S. Department of Transportation: | | | |
| Direct Programs: | | | |
| Federal Transit Administration | | | |
| Paul S. Sarbanes Transit in the Parts | | | |
| Midewin National Tallgrass Prairie Study | 20.520 | IL-20-X001-00 | <u>126,871</u> |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|---------------------------|-------------------------------------|-------------------------|
| Pass-through programs from: | | | |
| Highway Planning and Construction | | | |
| Illinois Department of Transportation: | | | |
| Council of Mayors | 20.205 | MPO/CMAP PL09 | \$ 37,480 |
| Council of Mayors | 20.205 | MPO CMAP RCOM | 1,176,304 |
| Unified Work Program for Planning and Programming Transportation Planning Activities | 20.205 | MPO/CMAP 3C Core UWP | 8,519,904 |
| Unified Work Program Consulting Services | 20.205 | MPO/CMAP 08-09 | 369,500 |
| Unified Work Program Consulting Services | 20.205 | MPO/CMAP DuPage, Lake 10-11 | 992,982 |
| Unified Work Program Consulting Services | 20.205 | MPO/CMAP 3C 11BOB19 | 5,830 |
| Illinois Institute of Technology | | | |
| Highway Planning and Construction | | | |
| TRANSIMS Toolbox for Transportation | | | |
| Operations Management | 20.205 | DTFH61-10-C- 00009 | 32,954 |
| Total CFDA # 20.205 | | | 11,134,954 |
| Illinois Department of Transportation: | | | |
| Metropolitan Transportation Planning | | | |
| Unified Work Program for Planning and Programming Transportation | | | |
| Planning Activities | 20.505 | MPO/CMAP MPO CMAP 3C Core UWP | 1,090,035 |
| Unified Work Program Consulting Services | 20.205 | MPO/CMAP 3C 11BOB19 | 26,915 |
| Technical Studies Grant | 20.505 | Cook/DuPage Corridor Study | 9,577 |
| Total CFDA # 20.505 | | | 1,126,528 |
| Pass-through programs subtotal | | | 12,261,482 |
| Total U.S. Department of Transportation | | | 12,388,353 |
| Total federal awards | | | \$ 27,378,511 |

CHICAGO METROPOLITAN AGENCY FOR PLANNING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity and pass-through grant activity of Chicago Metropolitan Agency for Planning, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. Subrecipients

For the year ended June 30, 2011, Chicago Metropolitan Agency for Planning provided the federal awards to subrecipients as follows:

| <i>Program Title</i> | <i>Federal CFDA Number</i> | <i>Amount Provided to Subrecipients</i> |
|--|------------------------------------|---|
| Highway Planning and Construction: Council of Mayors United Work Program Consulting Services | 20.205 | \$ 1,213,785 213,882 |
| Nonpoint Source Implementation Grants: Watershed Based Plan Upgrades | 66.460 | 87,751 |
| Water Quality Management Planning: Fox River Watershed Planning, Restoration, and Protection – Phase 4 | 66.454 | 388,476 |
| Metropolitan Transportation Planning: United Work Program Consulting Services Technical Studies Grant | 20.505 | 26,915 9,577 |

3. Nonmonetary Assistance

Chicago Metropolitan Agency for Planning neither received nor disbursed federal awards in the form of nonmonetary assistance during the fiscal year ended June 30, 2011.

4. Insurance and Loans or Loan Guarantees

During the year ended June 30, 2011, Chicago Metropolitan Agency for Planning received no insurance, loans, loan guarantees or other federal assistance for the purpose of administering federal programs.

5. Oversight Agency

The U.S. Environmental Protection Agency has been designated as the Agency's oversight agency for the single audit.

CHICAGO METROPOLITAN AGENCY FOR PLANNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2011

I. Summary of Audit Results

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- > Material weakness(es) identified? X yes no
- > Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted?

 yes X no

FEDERAL AWARDS

Internal control over major programs:

- > Material weakness(es) identified? yes X no
- > Significant deficiencies identified? yes X 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 X no

Auditee qualified as low-risk auditee?

 yes X no

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

81.128

Energy Efficiency and Conservation Block Grant Program (EECBG)

66.454

Water Quality Management Planning

Dollar threshold used to distinguish between type A and type B programs:

\$821,355

CHICAGO METROPOLITAN AGENCY FOR PLANNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2011

II. Financial Statement Findings

Finding 2011-1: Internal Control over Financial Reporting

Criteria: The Agency must have functioning internal controls over external financial reporting.

Condition: Currently, the Agency relies upon its auditors to prepare its external financial statements and there is no secondary approval of the Schedule of Expenditures for Federal Awards prepared by the Agency.

Context: The auditor prepared the financial statements for the year ending June 30, 2011 and there is no secondary approval of the Schedule of Expenditures for Federal Awards prepared by the Agency.

Effect: External financial statements would not have been presented in accordance with GAAP and the Schedule of Expenditures for Federal Awards could have been misstated without secondary approval.

Cause: This finding was caused by insufficient internal controls over the external financial reporting process.

Recommendation: We recommend that management evaluate its internal controls over the financial reporting process and determine if it is feasible for management to implement additional internal controls in this area.

Management Response: As stated by Baker Tilly Virchow Krause, LLP, this high level of internal control over financial reporting is a difficult task for governments, especially since most governments operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare certain year end entries and financial reporting. This continues to describe CMAP. As stated in last year's audit, Management understands the importance of financial statement preparation. However, due to time and resources, it will continue to rely upon its auditors to prepare its yearly financial statements. CMAP will implement secondary approval of its Schedule of Expenditures for Federal Awards for fiscal year 2012.

III. Federal Findings and Questioned Costs

None

IV. Summary Schedule of Prior Audit Findings

None

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