



U.S. Department
of Transportation
**Federal Transit
Administration**

REGION V
Illinois, Indiana,
Michigan, Minnesota,
Ohio, Wisconsin

200 West Adams Street
Suite 320
Chicago, IL 60606-5253
312-353-2789
312-886-0351 (fax)

July 26, 2012

Thomas J Ross
Executive Director
PACE – Suburban Bus
550 West Algonquin Road
Arlington Heights, IL 60005

RE: Financial Management Oversight Review Final Report

Dear Mr. Ross:

The Federal Transit Administration (FTA) has completed the Financial Management Oversight (FMO) Review of the PACE - Suburban Bus Division of the Regional Transportation Authority (PACE). Please find attached a copy of the FMO Review Final Report conducted at PACE – Suburban Bus by our Financial Management Oversight Review Contractor (FMOC) Brooks and Associates, LLC, CPAs with Deva & Associates, P.C. as sub-contractor.

This report incorporates PACE's responses to the significant deficiencies identified in the Final Report and the analysis of the adequacy of those responses by the FMOC. FTA acknowledges that PACE has provided commentary indicating PACE's belief that the Indirect Cost finding is deemed as not valid due to past verbal directions received from FTA during 2008. At this time, no further response is required on this issue until further notice from FTA is provided. Within 30 days of receipt of this report, FTA requests that PACE review the attached Final Report and provide the corrective actions taken or planned, which should include specific time frames, to address all unresolved significant deficiencies. FTA will work with PACE to resolve the Indirect Cost finding and looks forward to working with you to resolve and close the other identified significant deficiency within the agreed upon timeframe as identified in the Final Report.

FTA would like to thank PACE for all the efforts, courtesies and cooperation afforded us during this review. If there are any questions, please contact Derek Davis or me at 312.353.2874.

Sincerely,

Dominick J. Gatto, PE
Director, Office of Program
Management and Oversight

Enclosure

FINANCIAL MANAGEMENT OVERSIGHT REVIEW

Full Scope Systems Review

of the

Suburban Bus Division – Regional Transportation Authority (Pace)

PERFORMED FOR

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL TRANSIT ADMINISTRATION

Prepared by

**Brooks & Associates, LLC /
Deva & Associates, P.C. (as Subcontractor to Brooks & Associates, LLC)**

Report Date: June 10, 2011

Draft Report Submission Date: August 19, 2011

Final Report Submission Date: January 18, 2012

CONTRACT NUMBER: DTFT-60-10-D-00004

TASK ORDER NUMBER: 1

**U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION**

FINANCIAL MANAGEMENT OVERSIGHT REVIEW

SUBURBAN BUS DIVISION – REGIONAL TRANSPORTATION AUTHORITY (PACE)

Table of Contents

<u>Section</u>	<u>Page</u>
Independent Accountants' Report	1
I. Brief Description of Pace	2
II. Material Weaknesses	7
III. Significant Deficiencies	8
1. Indirect Costs Varied Significantly from Year to Year	9
2. Grants Not Closed in a Timely Manner	13
IV. Advisory Comments	15
V. Summary of Findings	16
VI. Criteria Established by FTA for Grantee Financial Management Systems	17
VII. Grantee's Response (Full Text)	

INDEPENDENT ACCOUNTANTS' REPORT



Certified Public Accountant & Management Consultants
www.brooksandassociatesllc.com

9701 Apollo Drive, Suite 381, Largo, MD 20774
301-386-5558/301-386-5540(f)

INDEPENDENT ACCOUNTANTS' REPORT

To the Regional Administrator
Federal Transit Administration Region 5:

We understand that the Federal Transit Administration (FTA) has awarded **Suburban Bus Division – Regional Transportation Authority (Pace)** the grants listed in Section I of this report. We have examined the effectiveness of Pace's internal control over its compliance with FTA financial management system requirements as of June 10, 2011, as set forth in Section VI of this report, based on 49 CFR part 18 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" (Common Rule), Section 18.20, "Standards for Financial Management Systems." Management is responsible for maintaining effective internal control over Pace's compliance with FTA financial management system requirements. Our responsibility is to express an opinion on the effectiveness of management's internal control over compliance with FTA financial management system requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the financial management system, testing, and evaluating the design and operating effectiveness of the financial management system, and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Pace's compliance with FTA financial management system requirements.

Because of inherent limitations in any internal control structure or financial management system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the financial management system to future periods are subject to the risk that the financial management system may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Pace has maintained, in all material respects, effective internal control over its compliance with FTA financial management system requirements as of June 10, 2011, based on the criteria established by the FTA as set forth in Section VI of the report.

Brooks & Associates CPAs, LLC

Brooks & Associates CPAs, LLC

Certified Public Accountants

June 10, 2011

SECTION I

BRIEF DESCRIPTION - PACE

BRIEF DESCRIPTION - PACE

Background

History

In 1974, in response to the desperate financial straits in which the Chicago Transit Authority (CTA) and all other providers of public transportation in northeast Illinois found themselves, the General Assembly adopted, and a six-county referendum approved, the establishment of the Regional Transportation Authority (RTA). The RTA served as a mechanism through which State funds and RTA-imposed taxes would flow to the CTA and the several railroads providing commuter rail services to Chicago and to a host of public and private bus companies operating outside Chicago. The RTA was also authorized to directly provide bus service.

By 1983, mass transit in the six-county region was again in desperate financial condition. The Illinois General Assembly responded by amending the RTA Act to restructure both the funding and the structure of the RTA. The authority of the RTA to directly provide public transit service was eliminated. Three Service Boards were created effective on July 1, 1984, one being the CTA, the second being the Northeast Illinois Railroad Corporation (Metra) and the third being the **Suburban Bus Division of the RTA (Pace)**. The CTA remained responsible for light rail and bus service in Chicago and in some adjacent suburban municipalities. Metra became responsible for providing heavy rail commuter service in Cook and the five Collar Counties. Pace became responsible for providing non-rail transportation in suburban Cook County and the five Collar Counties of Kane, Lake, McHenry, Will and DuPage. The RTA remained a taxing authority but otherwise was limited to serving as a fiscal and policy oversight agency.

In January 2008 the RTA Act was further amended to provide additional sources of funding to the three service boards and RTA. The RTA and Metra Boards were also restructured. The RTA was also mandated to expand its responsibilities and accountability for regional planning, fiscal oversight and fare and service coordination.

Pace Organization

The Pace Board of Directors consists of thirteen members. Six directors are appointed by the suburban members of the Cook County Board of Commissioners, five directors are appointed, respectively by the Chairman of the county boards of the five Collar Counties (DuPage, Kane, Lake, McHenry and Will), and one director is the current Commissioner of the Mayor's Office for People with Disabilities for the City of Chicago. The Chairman of the Pace Board is appointed by a majority of the suburban Cook County Commissioners and the Chairman of the Collar County boards.

BRIEF DESCRIPTION - PACE

Background (continued)

Pace management is provided by an Executive Director who is appointed by the Board of Directors. The Executive Director is responsible for overall management of the agency including all staffing, employment and contractual relationships necessary to carry out the powers of the Suburban Bus Board in accordance with the RTA Act and in compliance with all applicable Federal and State rules and regulations.

The Executive Director relies on four Deputy Executive Directors and direct reports representing Legal, Audit, Human Resources, Organizational Development and DBE Compliance to manage the agency. In total Pace employs 1,452 full-time equivalent personnel and relies on in excess of 1,000 contract personnel to deliver public transportation services throughout its jurisdiction.

Service Area

The Pace service area is large, reaching 3,446 square miles, nearly the size of the state of Connecticut and about 15 times the size of the City of Chicago; it covers six counties – suburban Cook, DuPage, Kane, Lake, McHenry and Will - which includes 284 municipalities. Population in the service area is approximately 8.3 million residents.

Facilities

Pace is headquartered in Arlington Heights, Illinois where it has its administrative offices. Pace directly operates transit services from nine facilities located throughout its service area. These include:

- Fox Valley Division (North Aurora, IL)
- Heritage Division (Joliet, IL)
- North Division (Waukegan, IL)
- North Shore Division (Evanston, IL)
- Northwest Division (Des Plaines, IL)
- River Division (Elgin, IL)
- South Division (Markham, IL)
- Southwest Division (Bridgeview, IL)
- West Division (Melrose Park, IL)

BRIEF DESCRIPTION - PACE

Background (continued)

Pace garages provide inside bus storage for nearly 600 buses with a total building size of over 1.0 million square feet. In addition, Pace operates ten park and ride lots, and nine transfer and transportation centers as well as numerous park and ride and boarding/transfer facilities. These facilities are located throughout Pace's extensive service area. Pace has a facility for vehicle acceptance, electronics maintenance and customer service located in South Holland, Illinois. Pace also owns a garage facility in McHenry, Illinois which is used by a private contractor for the provision of paratransit services in McHenry County.

Pace Service

Pace provides fixed route bus service, paratransit services (both ADA and local dial-a-ride paratransit) and vanpool services throughout its service area.

Fixed Route Service:

135 regular, 38 feeder routes, 16 shuttle routes, numerous special event services, and three seasonal routes are operated by Pace. These routes serve 205 communities and carry over 2.414 million riders per month utilizing 562 vehicles during peak periods.

Dial-a-Ride:

157 Pace-owned lift-equipped vehicle are utilized to provide curb-to-curb service to approximately 105,420 riders each month. The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 42 dial-a-ride projects and has grant agreements with villages and townships for the operation of 24 other dial-a-ride projects. Also three other projects are operated by Pace River Division. These 66 projects provide services to over 210 communities throughout the six county service area.

Suburban ADA Paratransit:

210 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 50,000 riders each month. Individuals that are not able to use Pace's fixed routes can register to utilize Pace's ADA Paratransit Service. The RTA administers a regional certification program which determines eligibility for this and the Chicago ADA Paratransit service. Pace contracts with private operators strategically located throughout the service area to provide this service.

BRIEF DESCRIPTION - PACE

Background (continued)

City of Chicago ADA Paratransit:

In 2005, through a change in state law, the Illinois General Assembly shifted the operational responsibility for CTA's ADA paratransit service to Pace. As a result, Pace began operating paratransit service for individuals with disabilities in Chicago on July 1, 2006. Four ADA Paratransit service contractors provide ADA Paratransit services to the CTA service area. The area essentially covers the City of Chicago and close-in suburban communities served by regular CTA services. 566 contractor-owned vehicles are used to provide service to over 188,000 riders each month.

Vanpool Services:

Over 600 vehicles provide service under three vanpool based programs. The traditional vanpool program consists of 286 vans which provide work trip commutes. The shuttle program provides 18 vans used to shuttle employees between employment centers, and nearby transit (CTA, Metra, and Pace) facilities. Lastly, nearly 300 vanpools operate under the Advantage program which provides work trip commute services for individuals with disabilities. The vanpool program provided nearly 1.8 million trips in 2010.

In total Pace provided just over 35 million passenger trips in 2010.

Active FTA Grants

The following is a list of Pace's active FTA grants as of March 31, 2011.

<u>Grant Number</u>	<u>Description</u>	<u>Authorized Federal Share</u>	<u>Federal Share of Expenditures</u>
IL-04-0004	§5309. FY 2006-2009 Capital Projects	\$ 1,248,000	\$ ---
IL-04-0005	§5309. FY 2006 (Forward) Capital Projects	667,262	---
IL-04-0006	§5309. FY 2006 (Forward) Capital Projects	834,077	---
IL-04-0007	§5309. FY 2006 (Forward) Capital Projects	662,039	---
IL-04-0008	§5309. FY 2006 (Forward) Capital Projects	495,000	---
IL-04-0017	§5309. FY 2006 (Forward) Capital Projects	834,077	---

BRIEF DESCRIPTION - PACE

<u>Grant Number</u>	<u>Description</u>	<u>Authorized Federal Share</u>	<u>Federal Share of Expenditures</u>
IL-04-0027	§5309. FY 2006 (Forward) Capital Projects	600,304	---
IL-04-0048	§5309. FY 2006 (Forward) Capital Projects	588,000	---
IL-04-0055	§5309. FY 2006 (Forward) Capital Projects	685,000	---
IL-37-X014	§3037. FY 2002 JARC	1,260,245	1,009,817
IL-37-X052	§5316. FY 2006 JARC	1,822,900	891,295
IL-37-X068	§5316. FY 2008 JARC	537,150	537,149
IL-39-0005	§5339. FY 2007 JARC	280,000	---
IL-57-X005	§5317. FY 2006 New Freedom	400,000	400,000
IL-57-X011	§5317. FY 2007-08 New Freedom	3,002,800	2,279,051
IL-57-X012	§5317. FY 2010 New Freedom	600,000	---
IL-90-X279	§5307. FY 1996 Capital Projects	16,348,429	16,340,598
IL-90-X303	§5307. FY 1996 Capital Projects	14,707,657	14,420,975
IL-90-X325	§5307. FY 1997 Capital Projects	18,203,996	17,878,956
IL-90-X345	§5307. FY 1998 Capital Projects	15,097,804	15,056,710
IL-90-X379	§5307. FY (Not Found) Capital Projects	23,227,664	21,972,055
IL-90-X404	§5307. FY (Not Found) Capital Projects	25,171,625	24,801,662
IL-90-X419	§5307. FY (Not Found) Capital Projects	25,866,556	24,214,730
IL-90-X420	§149. FY 2002 CMAQ	4,500,000	4,453,601
IL-90-X452	§149. FY 2003 CMAQ	5,130,000	4,515,595
IL-90-X455	§5307. FY 2003 Capital Projects	26,345,068	24,135,182
IL-90-X483	§149. FY 2004 CMAQ	6,200,000	5,313,783
IL-90-X484	§5307. FY 2004 Capital Projects	26,630,668	26,018,824
IL-90X519	§149. FY 2005 CMAQ	7,200,000	6,765,281
IL-90-X583	§5307. FY 2007 Capital Projects	28,999,660	27,945,504
IL-90-X602	§5307. FY 2008 Capital Projects	31,021,216	24,029,342
IL-90-X630	§5307. FY 2009 Capital Projects	26,625,358	4,326,098
IL-90-X653	§5307. FY 2010 Capital Projects	32,415,410	11,417,515
IL-95-X003	§5307. FY 2007 CMAQ	2,748,100	2,289,931
IL-95-X007	§5307. FY 2008 CMAQ	7,882,141	2,037,826
IL-95-X015	§5307. FY 2009 CMAQ	4,548,080	4,206,168
IL-95-X019	§5307. FY 2010 CMAQ	2,340,000	---
IL-96-X005	ARRA. FY 2009 Capital Projects	<u>33,135,437</u>	<u>30,405,570</u>
Totals		<u>\$ 398,861,723</u>	<u>\$ 317,663,218</u>

SECTION II

MATERIAL WEAKNESSES

MATERIAL WEAKNESSES

For purposes of this review, a material weakness is a significant deficiency, or combination of significant deficiencies, in the design or operation of one or more components of the financial management system that results in more than a remote likelihood that a material misstatement in relation to the applicable grants, will not be prevented or detected by management or employees in the normal course of performing their assigned functions.

None of the matters identified during the review were considered to be material weakness comments in Pace's financial management system.

SECTION III

SIGNIFICANT DEFICIENCIES

SIGNIFICANT DEFICIENCIES

For purposes of this review, a significant deficiency is a control deficiency, or combination of control deficiencies, in the design or operation of one or more components of the financial management system, which could adversely affect Pace's ability to initiate, authorize, record, process, summarize, and report financial and related data consistent with the requirements of the Common Rule, such that there is more than a remote likelihood that a misstatement of Pace's grant activity that is more than inconsequential will not be prevented or detected.

The findings considered to be significant deficiencies in Pace's financial management system are summarized in this section, along with recommendations, notations of the specific provisions of the regulations affected, discussion of the significance of the findings, summary of the grantee's responses, and evaluation of the grantee's responses.

SIGNIFICANT DEFICIENCIES

1. Indirect Costs Varied Significantly from Year to Year

Finding

The amounts of indirect costs charged to grants varied significantly from year to year, indicating that there may have been issues regarding the method used in calculating the indirect cost rates.

Standards Impacted

49 CFR §18.20(b)(5). Allowable Costs. “Grantees must have procedures to provide reasonable assurance that “Office of Management and Budget (OMB) Circular A-87 cost principles are incorporated within 49 CFR 18.22, agency program regulation, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.” If indirect costs are being charged to the grant, Grantees must prepare a cost allocation plan that is approved by its cognizant agency.”

FTA Circular 5010.1D Appendix E.1(c) “Updated Cost Allocation Plans (CAPs) may be used on a provisional basis for the following fiscal year with the provision that year-end adjustments must be made to actual costs.”

OMB Circular A-87 Attachment C.G(4) “Adjustments of billed central services. Billing rates used to charge Federal awards shall be based on the estimated costs of providing the services, including an estimate of the allocable central service costs. A comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the actual allowable costs of the service will be made at least annually, and an adjustment will be made for the difference between the revenue and allowable costs. These adjustments will be made through one of the following adjustment methods: (a) a cash refund to the Federal Government for the Federal share of the adjustment, (b) credits to the amounts charged to the individual programs, (c) adjustments to future billing rates, or (d) adjustments to allocated central service costs.”

Recommendations

Pace should discuss with FTA the methods used in calculating its indirect cost rates so a determination can be made whether the methodology is appropriate for the allocation of overhead costs to FTA grants. In addition, Pace should request that the proposed indirect cost rates for fiscal years 2009 and 2010 be reviewed for approval.

These corrective actions should be completed within 90 days from the date of this report.

SIGNIFICANT DEFICIENCIES

1. Indirect Costs Varied Significantly from Year to Year (continued)

Discussion

The amounts of overhead costs charged to grants as indirect costs varied significantly from year to year. For fiscal years 2008, 2009 and 2010, the amounts of indirect costs were \$142,421, \$112,212 and \$600,790, respectively.

The amounts of overhead costs were determined by identifying time spent performing grant administration activities by individuals from Pace operating departments. That time was captured by multiplying the employees' number of hours worked during the period times the rate of pay. An indirect cost rate calculated on a departmental basis was then applied against that amount to determine the amount of indirect charges.

The Cost Allocation Plan (CAP) used by Pace determined the indirect cost rates for each of the following departments: Maintenance, Purchasing, Capital Financing & Infrastructure, Information Technology, Tech Services Section, Bus Operations Section, and Planning Services. The following table indicates the amount of indirect charges by grant for the fiscal years 2008 through 2010.

Grant	2008	2009	2010
IL-90-X325	\$ 10,000		
IL-90-X484	45,825		
IL-90-X583	36,923	\$ 80,583	\$ 89,701
IL-90-X602	47,648	31,629	172,493
IL-90-X630			313,776
IL-90-X653			15,298
Other	2,025		9,522
Total	\$142,421	\$112,212	\$600,790

The variances in indirect charges were attributable to the level of capital activities from year to year. However, the variances were also related to the changes in rate from year to year. For example, the rates used in allocating indirect charges for Capital, Financing & Infrastructure for fiscal years 2008, 2009, and 2010 were 470.91 percent, 376.09 percent and 372.23 percent, respectively and for the Bus Operations Section, the rates were 150.92 percent, 204.83 percent and 163.76 percent, respectively. The rates used for the current year represent provisional rates that are based on operating results from the previous year. The actual amount of costs would not be known until after the end of the current year.

SIGNIFICANT DEFICIENCIES

1. Indirect Costs Varied Significantly from Year to Year (continued)

Discussion (continued)

FTA requires that indirect charges for a fiscal year are adjusted to actual when the costs are determined, in accordance with FTA Circular 5010.1D, Appendix E. However, Pace followed the practice of carrying forward the difference between calculated indirect charges and actual indirect charges as an adjustment used to determine the indirect cost rates for the following year, which contributed to the fluctuation in cost rates.

The indirect cost rates calculated by Pace on a departmental basis result in indirect costs that do not support grant activities being charged to FTA grants. For example, when labor for operating personnel is charged to a grant, the process results in indirect operating costs being allocated to the grants. The rate would be more appropriate if a single indirect rate for grant activity was calculated.

FTA approved the rates used for allocating fiscal year 2008 indirect costs on February 26, 2010. The rates were based on actual expenditures for fiscal year 2007. Since then, Pace has submitted CAPs for the allocation of fiscal year 2009 and 2010 but the rates for both years have not been approved by FTA.

Grantee Response

“In regards to the first draft finding, “Indirect Costs Varied Significantly from Year to Year”, this observation and recommendation is incorrect. Pace’s indirect cost rates are prepared in accordance with federal requirements. These rates are submitted annually to the FTA for review and approval. We reviewed this finding with Maximus, the consultant who prepared our plan, and they have provided the attached letter. The letter outlines our compliance with these regulations and provides clarification in regard to some of the references in your finding. Based on this information, we respectfully request that this finding be removed from the report.”

Evaluation of Grantee’s Response

Grantee’s response is not adequate, as the grantee did not fully address the issues. The response referred to an attachment of the grantee which included a letter dated September 16, 2011 from the consultant who had prepared the CAP. In the letter, the consultant referred to a section C.G.3 of the of OMB Circular A-87 which indicated that “Allocated central service costs are usually negotiated and approved for a future fiscal year on a ‘fixed with carryforward basis’. Under this procedure, the fixed amounts for the future year covered by agreement are not subject to adjustment for that year. However, when the actual costs of the year involved become known, the differences between the fixed amounts previously approved and the actual costs will be carried forward and used as an adjustment to the fixed amounts established for a later year.”

SIGNIFICANT DEFICIENCIES

1. Indirect Costs Varied Significantly from Year to Year (continued)

Evaluation of Grantee's Response (continued)

However, FTA Circular 5010.1D provides requirements and procedures for management of all FTA programs where grant management requirements unique to a particular FTA program are not described in the specific program circular. In Circular 5010.1D, Appendix E.1(c) states that "Updated CAPs may be used on a provisional basis for the following fiscal year with the provision that year-end adjustments must be made to actual costs." The Circular does not provide for an indirect cost rate that is prepared on a fixed with carryforward basis to be considered as an acceptable method, as would be allowed under Circular A-87.

The consultant indicated that they had conversations with the Regional Office during July 2009 and were advised that the use of a fixed rate with carryforward was still an acceptable practice. However, that advice would not be relevant if it were contrary to the requirements of official FTA guidance as included in Circular 5010.1D.

The consultant also indicated in the letter that the amount of indirect costs charged to grants would vary from year to year for such reasons as: "the amount of overhead within the contributing central services units varies each year, impacting the amounts they incur and allocate to benefitting departments; the amount of direct salaries being charged varies each year; and the carryforward adjustment reconciles the fixed rate that was used to the actual indirect costs, resulting in a positive or negative adjustment of indirect costs. In our experience, a variance in the rate is not usually indicative that the methodology has issues, as stated in the Finding." However, due to the magnitude of differences in indirect cost rate and amounts of indirect cost charged to grants from year, as described above, it was possible that there may be issues with the method in which the rates are determined, which would warrant further review.

Because there is a contradiction in allowable methods in calculating indirect cost rates between Circular A-87 and Circular 5010.1D, and because of the significant variances in the amounts of indirect costs charged to grants from year to year, it is best that Pace further discuss with FTA the methods used in calculating its indirect cost rates so that a determination can be made whether the methodology is appropriate for the allocation of these overhead costs to FTA grants. While compliance with OMB Circular A-87 is required, it should be noted that this circular sets minimum standards and the Federal agency is allowed to modify these requirements to comply with additional agency requirements.

SIGNIFICANT DEFICIENCIES

2. Grants Not Closed in a Timely Manner

Finding

Inactive FTA grants were not closed in a timely manner.

Standards Impacted

49 CFR §18.50 (a) *Closeout.* “The Federal agency will close out an award when it determines that all applicable administrative actions and all required work of the grant has been completed.”

FTA Circular 5010.1D Chapter III (5)(a) *Grant Close-out.* “The grantee must initiate close-out of a grant when all approved activities are completed and/or applicable Federal funds expended. All close-out documentation must be submitted within 90 days of the completion of all activities in the grant. This requires notifying FTA by letter or e-mail that the grant is ready for close-out.”

49 CFR §18.20(b)(3) *Internal Control.* “Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets.”

Recommendations

Pace should review the status of its active grants to determine whether there any which are eligible to be closed. In addition, Pace should implement procedures to ensure that appropriate action is taken to close out all grants in a timely manner when either all activities for a grant have been completed or all funds have been expended.

These corrective actions should be completed within 90 days from the date of this report.

Discussion

A review of active and closed grants noted that grants were not always closed in a timely manner. Reports from TEAM indicated that several grants were closed recently that had no current activity: IL-03-0232 and IL-03-0242 were both closed during June 2010 but had no activity since September 2008 (21 months), IL-90-X260 was closed during June 2010 but had no activity since June 2008 (24 months), and IL-90-X401 was closed during August 2010 but had no activity since June 2008 (26 months). In addition, grants IL-37-X068 and IL-57-X005 were both fully expended and appeared eligible for closeout.

SIGNIFICANT DEFICIENCIES

2. Grants Not Closed in a Timely Manner (continued)

Grantee Response

“In regards to the second draft finding, “Grants Not Closed in a Timely Manner”, we do not agree that this issue represents a significant deficiency. There is no control deficiency related to this area. Please see attachment for further information. We request that this finding be removed from your report as well.”

Evaluation of Grantee’s Response

Grantee’s response is not adequate. The response referred to an attachment of the grantee that indicated that the condition did not meet the definition of a significant deficiency as described at Page 8 of the FMO Report. However, any condition that is not in accordance with the requirements of the Common Rule is considered a reportable condition for purposes of this report. By not closing the grants in a timely manner, Pace was not in accordance with the requirement of Circular 5010.1D to begin closeout of the grant within 90 days after all approved activities are completed and/or applicable Federal funds expended. In addition, this condition was previously cited in the 2010 Triennial Review.

SECTION IV

ADVISORY COMMENTS

ADVISORY COMMENTS

For purposes of this review, an advisory comment represents a minor control deficiency in the design or operation of the financial management system that is not significant enough to adversely affect Pace's ability to record, process, summarize, and report financial and related data consistent with the requirements of 49 CFR 18.20.

None of the matters identified during the review were considered to be advisory comments in Pace's financial management system.

SECTION V

SUMMARY OF FINDINGS

SUMMARY OF FINDINGS

Finding Reference	Finding	Standards Impacted	Recommendation(s)	Corrective Action Implementation Date
Material Weakness	None of the matters identified during the review were considered to be material weaknesses in Pace's financial management system.			
Significant Deficiency 1	Indirect Costs Varied Significantly from Year to Year	49 CFR §18.20 (b)(5) <i>Allowable Costs</i> FTA Circular 5010.1D Appendix E.1(c) OMB Circular A-87 Attachment C.G(4)	Pace should discuss with FTA the methods used in calculating its indirect cost rates so a determination can be made whether the methodology is appropriate for the allocation of overhead costs to FTA grants. In addition, Pace should request that the proposed indirect cost rates for fiscal years 2009 and 2010 be reviewed for approval.	Within 90 days from the date of this report.
Significant Deficiency 2	Grants Not Closed in a Timely Manner	49 CFR §18.50 (a) <i>Close-out.</i> FTA Circular 5010.1D Chapter III (5)(a) <i>Grant Close-out.</i> 49 CFR §18.20(b)(3) <i>Internal Control.</i>	Pace should review the status of its active grants to determine whether there are any which are eligible to be closed. In addition, Pace should implement procedures to ensure that appropriate action is taken to close out all grants in a timely manner when either all activities for a grant have been completed or all funds have been expended.	Within 90 days from the date of this report.
Advisory Comment	None of the matters identified during the review were considered to be advisory comments in Pace's financial management system.			

SECTION VI

**CRITERIA ESTABLISHED BY THE FTA FOR
GRANTEE'S FINANCIAL MANAGEMENT SYSTEMS**

**CRITERIA ESTABLISHED BY THE FTA FOR
GRANTEE'S FINANCIAL MANAGEMENT SYSTEMS**

The following criteria have been set forth by the Federal Transit Administration (FTA) as standards for the financial management systems of FTA Grantees. Unless otherwise noted, these criteria are drawn from 49 CFR 18. "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" (Common Rule), Section 18.20, "Standards for Financial Management Systems." Additional guidance for applying many of these criteria is provided in various circulars issued by the FTA, U.S. Department of Treasury, and the Office of Management of Budget (OMB).

18.20(b)(1), *Financial Reporting*. Grantees must have procedures to provide reasonable assurance that "accurate, current, and complete disclosure of the financial results of financially assisted activities [are] made in accordance with the financial reporting requirements of the grant or subgrant."

18.20(b)(2), *Accounting Records*. "Grantees and sub Grantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income." The Grantee's project financial accounting system must interface with the Grantee's overall financial management system.

18.20(b)(3), *Internal Control*. "Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets." Specifically with respect to fixed asset records, 49 CFR 18.32(d), requires that Grantees and sub Grantees must maintain a fixed asset control system providing detailed property records for assets acquired under a grant or subgrant, and including procedures to provide reasonable assurance that safeguards are present to prevent or detect unauthorized acquisition, use, or disposition of the property, and that maintenance procedures are implemented for such assets.

18.20(b)(4), *Budget Control*. "Actual expenditures or outlays must be compared with budgeted amount for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement."

18.20(b)(5), *Allowable Costs*. Grantees must have procedures to provide reasonable assurance that "Office of Management and Budget (OMB) Circular A-87 cost principles are incorporated within 49 CFR 18.22, agency program regulation, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs." If indirect costs are being charged to the grant, Grantees must prepare a cost allocation plan that is approved by its cognizant agency.

**CRITERIA ESTABLISHED BY THE FTA FOR
GRANTEE'S FINANCIAL MANAGEMENT SYSTEMS**

18.20(b)(6), *Source Documentation*. "Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

18.20(b)(7), *Cash Management*. "Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by Grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on Subgrantee's cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the Grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their sub Grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the Grantees."

18.30, *Project Change Accounting*. The Grantee's project financial accounting system must be able to document and track project changes that result in the need for additional funds, a revision in the scope or objectives of the project, or a need to extend the period of availability of funds or any other changes or budgetary transfers which would require the prior written approval of the FTA.

SECTION VII

GRANTEE'S RESPONSE (FULL TEXT)



Thomas J. Ross
Executive Director

September 28, 2011

U.S. Department of Transportation
Federal Transit Administration
Dominick J. Gatto, Director
Office of Program Management & Oversight
200 West Adams Street, Suite 320
Chicago IL 60606-5253

RE: Financial Management Oversight Review Draft Report

Dear Mr. Gatto:

This letter is in response to your August 31, 2011 letter concerning the Financial Management Oversight Review conducted at Pace earlier this year. Pace takes great pride and effort in maintaining an effective system of internal controls. Our financial management system complies with FTA requirements.

We were pleased to see that the draft report (dated June 10, 2011) contained no material weaknesses or advisory comments. However, we were surprised to see the two issues noted in the draft report classified as significant deficiencies. Pace does not concur with the classification of these items as significant deficiencies.

In regards to the first draft finding, "Indirect Costs Varied Significantly from Year to Year", this observation and recommendation is incorrect. Pace's indirect cost rates are prepared in accordance with federal requirements. These rates are submitted annually to the FTA for review and approval. We reviewed this finding with Maximus, the consultant who prepared our plan, and they have provided the attached letter. The letter outlines our compliance with these regulations and provides clarification in regard to some of the references in your finding. Based on this information, we respectfully request that this finding be removed from the report.

In regards to the second draft finding, "Grants Not Closed in a Timely Manner", we do not agree that this issue represents a significant deficiency. There is no control deficiency related to this area. Please see attachment for further information. We request that this finding be removed from your report as well.

In closing, we appreciate the thoroughness and extensive review that was conducted by your audit team. We suggest that the report include a summarization of all the areas examined, the result for each area and identification of the period audited in order to convey to the reader that this review examined multiple financial, compliance and internal control areas. Please contact us with any need to discuss our responses to the draft report.

Sincerely,

Terrance Brannon
Deputy Executive Director, Internal Services

Enclosures

10-03-11 CFHD 0014

DRAFT – Significant Deficiency 1

Indirect Costs Varied Significantly from Year to Year.

MAXIMUS

HELPING GOVERNMENT SERVE THE PEOPLE

September 16, 2011

Mr. Dominick Cuomo
Chief Financial Officer
PACE - Suburban Bus Service
550 Algonquin Road
Arlington Heights, IL 60005

SEP19/11 11:33AM FAX

Dear Mr. Cuomo:

I am writing to you after reading the Draft Report of the Financial Management Oversight Review of Pace that was performed by Brooks & Associates and its subcontractor Deva & Associates, under contract to the US DOT Federal Transit Administration. The Draft Report Submission is dated August 19, 2011 and we appreciate you sharing it with us.

The practices that Pace follows in seeking reimbursement of indirect costs follow Federal law and are further sanctioned by explicit approval of the Federal Transit Administration. We recommend that Pace discuss this matter with the independent auditor so that any finding of deficiency is removed and that Pace's efforts are not characterized as a response. Simply put, it is our opinion that the audit finding is incorrect.

Federal Law

Federal law on the documentation of indirect costs for reimbursement from grants and contracts is found in 2 CFR Part 225, formerly known as US Office of Management & Budget Circular A87. Recognizing that units of government may need to seek reimbursement of costs before the final actual costs for the period are known, the regulations permit a "fixed with carry-forward" approach (Attachment C.G.3). Using this approach, an agency may base its reimbursement on budgeted or fixed costs, but must carry forward to the next claiming period any variance – positive or negative – to the rate base for the next period. For your convenience, we cite the regulation below.

3. Carry-forward adjustments of allocated central service costs. Allocated central service costs are usually negotiated and approved for a future fiscal year on a "fixed with carry-forward" basis. Under this procedure, the fixed amounts for the future year covered by agreement are not subject to adjustment for that year. However, when the actual costs of the year involved become known, the differences between the fixed amounts previously approved and the actual costs will be carried forward and used as an adjustment to the fixed amounts established for a later year. This



"carry-forward" procedure applies to all central services whose costs were fixed in the approved plan. However, a carry-forward adjustment is not permitted, for a central service activity that was not included in the approved plan, or for unallowable costs that must be reimbursed immediately.

Federal Approval of Pace's Approach

For many years, Pace has submitted its rates and methodology to the Federal Transit Administration (FTA) for review and approval. Each and every year, the FTA has approved the rates and the methodology.

On July 1, 2009, we wrote to the FTA to ask whether recovering indirect costs through the use of an indirect cost rate that is fixed with a carry-forward could still be used by transit agencies. On July 14, 2009, the agency responded in the affirmative, telling us that the fixed with carry-forward indirect cost rate remains an allowable method to recover allocated indirect costs. Pace uses the Fixed with Carry Forward indirect cost rate methodology.

Therefore, both as a matter of law and specific approval for Pace, we feel that Pace's approach is legal and approved. A finding that the method is a "significant deficiency" is, in our opinion, incorrect and inappropriate.

Discussion of Specific Topics in the Audit Finding

On page 9, section Finding:

The draft report states a finding that "The amounts of indirect costs charged to grants varied significantly from year to year, indicating that there may have been issues regarding the method used in calculating the indirect cost rates."

Generally speaking, the amount of indirect costs charged to grants will vary from year to year for a number of reasons: the amount of overhead within the contributing central services units varies each year, impacting the amounts they incur and allocate to benefitting departments; the amount of direct salaries being charged varies each year; and the carry forward adjustment reconciles the fixed rate that was used to the actual indirect costs, resulting in a positive or negative adjustment of indirect costs. In our experience, a variance in the rate is not usually indicative that the methodology has issues, as stated in the Finding.

On page 9, section Standards Impacted:



The first paragraph references 49 CFR, Section 18.20 regarding Allowable Costs. It cites language that the grantee must follow the guidelines of the OMB Circular A-87 and that if indirect costs are being charged to a grant, that a cost allocation plan must be approved by its cognizant agency.

Since its inception in the mid 1980's, Pace has followed the cost principles outlined in the OMB Circular A-87 and has prepared and submitted a cost allocation plan (CAP) annually to its cognizant agency (the Department of Transportation, and specifically the section now titled the Federal Transit Administration). Pace has continued this process every year since 1985 and is currently preparing its FY2010 CAP which it will again submit to the FTA for approval.

The second paragraph references Appendix E in the FTA Circular 5010.1D regarding the guideline that "Updated CAP's may be used on a provisional basis for the following fiscal year with the provision that year-end adjustments must be made to actual costs."

Our firm has had discussions with FTA on this item in Appendix E that they cite. We attach a letter that we wrote to Mr. Dominick Gatto, Director of Program Management and Oversight, USDOT, FTA – Region 5, on July 1, 2009. We inquired of him whether the usual method of recovering indirect costs through the use of an indirect cost rate that is Fixed with a Carry-Forward could still be used by our transit agency clients. Mr. Gatto referred the question to the FMO Contracting Officer's Technical Representative in Washington, DC, Ms. Linda Barnes. On July 14, 2009, the COTR contacted us to confirm that, in fact, the Fixed with Carry-Forward indirect cost rate as defined in the OMB Circular remains an allowable method to recover allocated indirect costs. Pace uses the Fixed with Carry Forward indirect cost rate methodology.

The third paragraph references the OMB Circular Attached C – Section G.4 regarding adjustments of billed central services.

Pace does not recover its grant-related indirect costs using "billed central services". The OMB Circular, Appendix C, B. Definitions, 1 defines: "billed central services means central services that are billed to benefitted (agencies and/or) programs on an individual fee-for-service or similar basis." Rather, Pace recovers these costs through "allocated central services". Definition 2 defines: "allocated central services means central services that benefit operating agencies (programs) but are not billed to the agencies on a fee-for-service or similar basis. These costs are allocated to benefitted agencies on some



reasonable basis. Examples of such services might include general accounting, personnel administrations, purchasing, etc.”

That being noted, the report's reference (section G.4) to adjustments of billed central services is not appropriate with regards to Pace. Rather, the relevant section is Section G.3 – Carry-forward adjustment of allocated central service costs. This section states: “Allocated central service costs are usually negotiated and approved for a future fiscal year on a “fixed with carry-forward basis”. Under this procedure, the fixed amounts for the future year covered by agreement are not subject to adjustment for that year. However, when the actual costs of the year involved become known, the differences between the fixed amounts previously approved and the actual costs will be carried forward and used as an adjustment to the fixed amounts established for a later year. This “carry-forward” procedure applies to all central services whose costs were fixed in the approved plan.”

On page 9, section Recommendations – the report presents two recommendations:

First: Pace should discuss with FTA the methods used in calculating its indirect cost rates so a determination can be made whether the methodology is appropriate for the allocation of overhead costs to FTA grants.

Pace has submitted its indirect cost rates, with a narrative explanation, to FTA every year since 1985, receiving a subsequent approval of the rates annually by FTA. Pace and its subcontractor MAXIMUS have answered any questions that have been asked by FTA regarding its cost allocation and indirect cost recovery methodology.

Second: Pace should request that the proposed indirect cost rates for fiscal years 2009 and 2010 be reviewed for approval.

Every year, when Pace submits the indirect cost rates, Pace requests that the rates be reviewed for approval from the FTA. Pace has received approval of the rates, for every year through Pace Fiscal Year 2007. Specifically, the CAP and ICRPs based on Fiscal Year 2007 were reviewed by an auditing organization outside of FTA, a subcontractor who found that Pace's current cost allocation methodology was in complete compliance with all federal regulations. Pace awaits approval of the rates submitted for FY2008 and FY 2009 data. It is FTA's responsibility to review the cost allocation plans and rates submitted and to address any concerns with its grantees.

Regarding the section titled Discussion:



In the first paragraph on page 11, the report states that FTA requires that indirect charges be adjusted to actual, in accordance with the Appendix E of the FTA Circular and that Pace followed a different practice (that of using a fixed rate with carry forward). As we have described above and documented in the attached letter, email, and phone conversation records, the FTA FMO COTR instructed us in July 2009 that the Fixed with Carry Forward type of indirect cost rate recovery, which is described in the OMB Circular, was and still is an allowable method to recover indirect costs associated with federal transit grants.

* * * * *

We hope we have provided our comments and insight into the draft report which we have reviewed. If you have any questions or would like any additional information, please feel free to call me at (847) 513-5530.

Very truly yours,

Susan S. Lake
Director

Attachments

We do not see anywhere in the new FTA Circular 5010.1D that it states that Provisional/final rates **MUST** be used. Also, we do not see where it states that Fixed with Carry-Forward rates are no longer permitted to be used by FTA grantees. We only read in 1. c. (above) that updated CAPs **MAY** be used on a provisional basis.

So despite the instruction provided in the seminar by Mr. Milligan, that Fixed with Carry-Forward adjustment rates are no longer allowed and that Provisional/Final rates with true-ups **MUST** be used, I hesitate to inform my transit clients yet that this is a new FTA requirement. Our reading of the revised Circular does not necessarily agree with the seminar instruction.

We are hoping that you can provide clarification on this question – either confirming that the Circular language is valid as written and that our interpretation is correct – or referring us to further documentation that would confirm the Circular interpretation and instruction as provided by Mr. Milligan in the FMO seminar.

I have attached a copy of the relevant Appendix E – Page 1 of the revised Circular and of the slides that were presented in the seminar.

If you have any questions, please do not hesitate to call me at (847) 513-5530. I look forward to hearing from you or Derek Davis, by email or telephone.

Very truly yours,
MAXIMUS, INC.



Susan S. Lake
Director

cc: Derek Davis

Enclosures



July 1, 2009

Mr. Dominick J. Galto, PE
Director – Program Management and Oversight
US Department of Transportation
Federal Transit Administration – Region 5
200 West Adams, Suite 320
Chicago, Illinois 60606-5253

Dear Mr. Galto:

I was very happy to meet both you and Derek Davis, in person, at the FMO Seminar in Chicago on June 18th and 19th. In general, I thought it was a very worthwhile and informative session.

I wanted to write to both of you to get clarification on one piece of information that was presented on Day 2 of the seminar in the section on Cost Allocation Plans. This was information presented by John Milligan. I have tried to contact him, by emailing him twice with my question and requesting further information. Since I have not heard back from him, I am contacting you to see if you can resolve the issue.

Mr. Milligan said that the new FTA Circular 5010.1D has a new requirement. In the Seminar book, page 263, he said that, whereas the old circular 5010.1C allowed the use of a carry forward adjustment into the indirect cost rate calculation, he stated that 5010.1D no longer allows this and that this is a change in indirect cost reimbursement requirements.

His slide (p. 263) presents as a bullet point:

- CAP must be used on provisional basis for the following year and a year-end adjustment made to reflect actual costs

He also said that the grantee must now "true it up" by making an adjustment.

Mr. Milligan also presented a slide (p. 294) and stated that a grantee must now use the Provisional/Final rate, and that a Fixed with Carry Forward rate is no longer allowed with the new circular.

However, in our reading of Appendix E of the new, 11/01/2008 FTA Circular 5010.1D, page 1 of 4, Item 1. c states:

- Updated CAPs may be used on a provisional basis for the following fiscal year (FY) with the provision that year-end adjustments must be made to actual costs.

DRAFT – Significant Deficiency 2
Grants Not Closed in a Timely Manner

Reply to FMO Draft Report

The definition of a significant deficiency is "a control deficiency, or combination of control deficiencies, in the design or operation of one or more components of the financial management system, which could adversely affect Pace's ability to initiate, authorize, record, process, summarize, and report financial and related data consistent with requirements of the Common Rule, such that there is more than a remote likelihood that a misstatement of Pace's grant activity that is more than inconsequential will not be prevented or detected."

The fact that Pace did not close out grants in a "timely fashion" is not a control deficiency, it is not a failure on Pace's ability to initiate, authorize, record, process, summarize or report financial information and data. There were no findings regarding the financial management of Pace grants. Therefore, we do not concur with the draft report finding that this is a Significant Deficiency. At most we believe that FTA could consider making an Advisory Comment on this subject.

In the last 12-14 months Pace has closed over 12 grants and at least 2 more will be closed by the end of the year. Pace's Capital Financing and Infrastructure Department monitors the user efforts to undertake and complete projects and holds Quarterly Capital Status Meetings with all users and reflects this status in our Quarterly Milestone Reports.

Lastly due to the shortage of capital funding in the Northeastern Illinois Region, Pace tried to maximize the loss of state and local funding by using existing federal grant funds where money was still remaining to buy additional buses, for example. These scope amendment/budget revisions were all processed in accordance with guidance as issued by the governing circulars.



Thomas J. Ross
Executive Director

August 22, 2012

Mr. Dominick J. Gatto
Director
U.S. Department of Transportation
Federal Transit Administration
Office of Program Management & Oversight
200 West Adams Street, Suite 320
Chicago, IL 60606-5253

Dear Mr. Gatto:

This letter is in response to your letter of July 26, 2012 transmitting the Financial Management Oversight Review Final Report.

Attached please find a description of the actions taken in response to Significant Deficiency 2 – Grants Not Closed in a Timely Manner. We believe the deficiency has been adequately addressed and we are confident that our corrective actions will ensure our continued compliance.

With regard to Significant Deficiency 1 – Indirect Costs Varied Significantly from Year to Year, we will await further direction from FTA as indicated.

Please let us know of anything further on this subject.

Sincerely,

Terrance Brannon
Deputy Executive Director, Internal Services

TB/kd

Actions taken to address Significant Deficiency 2 – Grants Not Closed in a Timely Manner:

- In response to the finding Pace has modified its grants management practices to ensure compliance with FTA Circular 5010.ID. Specifically grants will no longer be held open pending an Internal Audit review prior to closeout. These internal reviews cannot be completed within the 90 day timeframe requirement, and have contributed to the delay in grant closeouts. In addition, via our routine monitoring of grant activity and project status with user groups, we will ensure that grants with completed scopes are prepared for closeout in accordance with the regulations. The following table summarizes the status of grant closeout progress for 2010 through 2012.

The following FTA grants were closed in 2010, 2011 and 2012:

<u>Grant No.</u>	<u>Date Closed</u>
IL-03-0232	6/9/2010
IL-03-0242	6/23/2010
IL-90-X260	6/29/2010
IL-57-X004	8/3/2010
IL-90-X401	8/3/2010
IL-26-7009	11/22/2010
IL-04-0026	5/9/2011
IL-90-X506	5/10/2011
IL-57-X005	8/29/2011
IL-90-X279	8/31/2011
IL-90-X420	8/31/2011
IL-37-X068	11/17/2011
IL-95-X015	2/6/2012
IL-90-X345	2/16/2012
IL-37-X014	4/25/2012
IL-95-X003	6/20/2012
IL-57-X011	6/29/2012

Pace closed a total of 17 grants between 6/9/2010 and 6/29/2012: 6 in 2010, 6 in 2011 and 5 so far in 2012. We will close three more grants, IL-90-X303, IL-90-X325 and IL-90-X360, by 9/30/2012.

We understand that the timely completion of grant activities and prompt closeout is a priority for FTA and believe our enhanced efforts in this area will be effective in achieving this mutual objective.



Thomas J. Ross
Executive Director

The following FTA grants were closed in 2010, 2011 and 2012:

<u>Grant No.</u>	<u>Date Closed</u>
IL-03-0232	6/9/2010
IL-03-0242	6/23/2010
IL-90-X260	6/29/2010
IL-57-X004	8/3/2010
IL-90-X401	8/3/2010
IL-26-7009	11/22/2010
IL-04-0026	5/9/2011
IL-90-X506	5/10/2011
IL-57-X005	8/29/2011
IL-90-X279	8/31/2011
IL-90-X420	8/31/2011
IL-37-X068	11/17/2011
IL-95-X015	2/6/2012
IL-90-X345	2/16/2012
IL-37-X014	4/25/2012
IL-95-X003	6/20/2012
IL-57-X011	6/29/2012

Pace closed a total of 17 grants between 6/9/2010 and 6/29/2012: 6 in 2010, 6 in 2011 and 5 so far in 2012. We will close three more grants, IL-90-X303, IL-90-X325 and IL-90-X360, by 9/30/2012.

J:\VICKY\GRANT CLOSEOUT\FTA CLOSEOUT SUMMARY8-2012.DOCX



Thomas J. Ross
Executive Director

The following FTA grants were closed in 2010, 2011 and 2012:

<u>Grant No.</u>	<u>Date Closed</u>
IL-03-0232	6/9/2010
IL-03-0242	6/23/2010
IL-90-X260	6/29/2010
IL-57-X004	8/3/2010
IL-90-X401	8/3/2010
IL-26-7009	11/22/2010
IL-04-0026	5/9/2011
IL-90-X506	5/10/2011
IL-57-X005	8/29/2011
IL-90-X279	8/31/2011
IL-90-X420	8/31/2011
IL-37-X068	11/17/2011
IL-95-X015	2/6/2012
IL-90-X345	2/16/2012
IL-37-X014	4/25/2012
IL-95-X003	6/20/2012
IL-57-X011	6/29/2012

Pace closed a total of 17 grants between 6/9/2010 and 6/29/2012: 6 in 2010, 6 in 2011 and 5 so far in 2012. We will close three more grants, IL-90-X303, IL-90-X325 and IL-90-X360, by 9/30/2012.