Notice of Meeting and Agenda

Bi-State Development
Audit Committee Meeting
Friday, October 21, 2016, 8:00 a.m.

Headquarters - Board Room, 6th Floor
211 N. Broadway, Suite 650 - St. Louis, Missouri 63102

This location is accessible to persons with disabilities. Individuals with disabilities needing information or communication accommodations should call Metro at (314) 982-1400; for TTY access, call Relay 711. Sign language interpreter services or other accommodations for persons with hearing or speech disabilities will be arranged if a request for such service is made at least two days in advance of the meeting. Large print material, Braille material or other formats will also be provided upon request.

Agenda	Disposition	Presentation
1. Call to Order	Approval	Chair Gully
2. Roll Call	Quorum	S. Bryant
3. Public Comment	Information	Chair Gully
4. Minutes from May 20, 2016, Audit Committee Meeting - Open Session	Approval	Chair Gully
5. Sole Source Contract for Performance and Management Audit	Approval	K. Klevorn
6. Pension Audit Update	Information	C. Stewart
7. Express Scripts Contract Extension and Funding Request	Approval	D. Toben
8. Treasury – Safekeeping Quarterly Accounts Audits - Ending June 30, 2016	Information	J. Cali
9. Internal Audit Status Reports – 4th Quarter-FY2016 and 1st Quarter-FY2017	Information	J. Cali
10. Internal Audit Follow-Up Summary – 4th Quarter-FY2016	Information	J. Cali
11. Unscheduled Business	Information	Chair Gully
12. Call of Dates for Future Committee Meetings	Information	S. Bryant
13. Executive Session	Approval	Chair Gully
If such action is approved by a majority vote of The Bi-State Development Agency's Board of Commissioners who constitute a quorum, the Board may go into closed session to discuss legal, confidential, or privileged matters pursuant to Bi-State Development Board Policy Chapter 10, Section 10.080 (D) Closed Records: Legal under §10.080(D)(1);		

Agenda	Disposition	Presentation
Real Estate under §10.080(D)(2); Personnel under §10.080(D)(3); Health Proceedings under §10.080(D)(4); Employee Negotiations under §10.080(D)(5); Data Processing under §10.080(D)(6); Purchasing and Contracts under §10.080(D)(7); Proprietary Interest under §10.080 (D)(8); Hotlines under §10.080(D)(9); Auditors under §10.080(D)(10); Security under §10.080(D)(11); Computers under §10.080(D)(12); Personal Access Codes under §10.080(D)(13); Personal Information under §10.080(D)(14); Insurance Information under §10.080(D)(15); Rail, Bus, or Facilities Safety and Accidents under §10.080(D)(16) or Protected By Law under §10.080(D)(17).		

Note: Public comment may be made at the written request of a member of the public specifying the topic(s) to be addressed and provided to the Agency's information officer at least 48 hours prior to the meeting.

BI·STATE DEVELOPMENT

BI-STATE DEVELOPMENT
AUDIT COMMITTEE MEETING
OPEN SESSION MINUTES
MAY 20, 2016

Committee Members in Attendance

Missouri
Constance Gully, Chair
Kelley Farrell (absent)
Vincent C. Schoemehl

Illinois
David Dietzel (absent)
Jeffrey Watson (absent)

Other Commissioners in Attendance
Vernal Brown
Aliah Holman (via phone)
Tadas Kicielinski (via phone)

Staff in Attendance
John Nations, President & CEO
Barbara Enneking, General Counsel and Deputy Secretary
Shirley Bryant, Certified Paralegal
Jim Cali, Director, Internal Audit
Rita Marion, Sr. Administrative Assistant
Kathy Klevorn, Sr. Vice-President and Chief Financial Officer
Patti Beck, Director of Communications
Mark Vago, Controller (via phone)
Angela Staicoff, Internal Auditor
Kelli Fitzpatrick, Internal Auditor, Part-Time
Amy Olden, Internal Audit Intern
Jonathan Frederick, Director, Accounting & Budget
Michael Gibbs, Accountant Business Enterprises
Charles Stewart, Vice President, Pensions & Insurance
Kent Swagler, Director of Corporate Compliance
Andrew Ghiassi, Manager, Safety & Loss Control
Larry Jackson, Executive Vice President for Administration
Kerry Kinkade, Acting Vice President Chief Information Officer
Theresa Gudowicz Green, Manager Treasury Operations
Chris Olden, Supervisor Accounting
Jenny Nixon, Executive Director Tourism Innovation
Virginia Alt-Hildebrandt, Executive Assistant
Dave Toben, Director Benefits
Anita Dunn, Health and Welfare Plan Manager
Connie Welch, Manager General Accounting
Jerry Vallely, External Communications Manager

Others in Attendance
Scott Nickerson, Crowe Horwath

1. **Call to Order**
8:00 a.m. Chair Gully called the Open Session Meeting of the Audit Committee to order at 8:00 a.m.

2. **Roll Call**
8:00 a.m. Roll call was taken.

3. **Public Comment**
8:00 a.m. There was no public comment.

4. **Minutes from January 22, 2016 Audit Committee Meeting - Open Session**
8:00 a.m. The January 22, 2016, Open Session Audit Committee Meeting minutes were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Kicielinski and seconded by Commissioner Schoemehl. **Motion passed unanimously.**

5. **March 31, 2016 Financials**
8:01 a.m. The March 31, 2016 Financials were provided in the Committee packet. Jonathan Frederick, Director Accounting & Budget, provided a brief overview. Metro Transit revenue is 1% under budget at $225.6 million due to a combination of a 5.4% decrease in passenger boardings and a 10.7% decrease in farebox collections. Expenses are $12 million under budget due to a significant medical savings attributable to better discounts received through a new Cigna plan, cost containment on prescription medication, decreases in claims, and position vacancies that resulted in an income before depreciation of $13.8 million. The Gateway Arch reopened to guests March 22, 2016. Although only one tram was operational, it was sold out daily. Due to the reduced service, tram ridership was down compared to last year and Arch tickets revenue decreased 6.2% as a result. Arch expenses had a $1.2 million return of funds from the National Park Service that was designated for future and capital improvement projects, and all expenses were in line with the prior year. The total income before depreciation was $1.6 million. Executive Services revenue was down compared to last year as management has controlled costs related to services provided. Expenses are 22.1% under budget due to unfilled positions and lower than expected legal and internal audit expenses resulting in income before depreciation of $150,632. The Riverfront Attractions had a loss before depreciation of $223,574 as a direct result of the weather experienced in Fiscal Year 2016. There were over 30 flood days resulting in a decrease in passengers of 37.8% compared to the prior year. The St. Louis Downtown Airport fuel sales, aircraft movement, and aircrafts based at the airport have increased more than expected for Fiscal Year 2016. Expenses such as wages and consulting fees increased, resulting in a loss before depreciation of $48,866. The St. Louis Regional Freightway revenue consists of partnership contributions of $312,763 and expenses mainly consist of wages and consulting fees totaling $340,083, resulting in a loss before depreciation of $27,320. Bi-State Development Research Institute received a Missouri Foundation For Health Grant of $39,805. Their expenses are mainly bank fees and small miscellaneous expenses totaling $328 resulting in income before depreciation of $39,477. Arts-In-Transit revenue is money received from the Regional Arts Commission, and expenses are for the bus painting project. The Internal Service Fund is favorable to plan as medical expenses are lower than budget. The Agency wide income before depreciation is $16.8 million. This report was informational only, and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

6. **March 31, 2016 Performance Indicators**
8:07 a.m. The March 31, 2016 Performance Indicators Report was provided in the Committee packet. Kathy Klevorn, Sr. Vice-President and Chief Financial Officer, stated that the downward trend in ridership resulted in a negative impact on most indicators, however, operating costs were well below budget. No additional presentations were made.

Commissioner Schoemehl stated that ridership was down and that the downward trend is being driven by concerns over safety, and as a result revenue is down approximately $4 million. He asked for an analysis to determine if ridership would be improved if the Agency put $4 million into increased security. Additional discussions followed regarding security and the 2017 budget assumptions.

This report was informational only, and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

7. March 2016 Treasury Report

8:19 a.m. The March 2016 Treasury Report was provided in the Committee packet. Theresa Gudowicz Green, Manager of Treasury Operations, provided a brief overview. Bi-State Development **(BSD)** has approximately $200 million invested in BSD directed funds, and the average rate of return for the month was 45 basis points which is an improvement over the average rate of return of 28 basis points at the end of Fiscal Year 2015. Approximately $53 million is invested in trustee directed funds which earned an average rate of return of 1.39%. Since the Federal Reserve raised rates in December 2015, there has been no further increase. The Federal Reserve approach seems to be more cautious due to uncertain inflation, weaker consumer spending, a decrease in exports and a general slowdown in the global economy. The current speculation is that it is unlikely there will be another rate increase in June. Another rate hike is still probably expected for later this year and this will be dependent on second and third quarter numbers related to inflation, jobs, and the general state of the local economy. This report was informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

8. Procurement Report Third Quarter

8:20 a.m. The Third Quarter Procurement Report was provided in the Committee packet. Larry Jackson, Executive Vice President of Administration, provided a brief overview. Bi-State Development awarded $2.3 million in noncompetitive procurements for the third quarter of Fiscal Year 2016, which is 11.9% of our total commitment volume of $19.7 million. The last twelve (12) months, noncompetitive procurements totaled $11.9 million or 11% of the total Purchase Order Commitment volume of $109 million. This report was informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

9. Internal Audit Status Report – Third Quarter

8:22 a.m. The Internal Audit Status Report, Third Quarter was provided in the Committee packet. Jim Cali, Director of Internal Audit, provided a brief overview. In accordance with Board Policy, Internal Audit is presenting the status report of the activities of the Internal Audit Department **(IAD)** for the third quarter of Fiscal Year 2016. This was a very busy quarter, IAD worked on a lot of audits and spent a great deal of time on follow-up from previous audits. IAD has worked closely with the Procurement Department to issue two (2) Request for Proposals **(RFP)**; the first for Health Insurance Claims Audit which was awarded to BKD on April 29, 2016; and the second RFP was issued on May 2, 2016, for cyber security consulting. The Transportation Safety Administration **(TSA)** has added a new element in their audit program requiring a cyber security component. An RFP has already been issued for a Threat and Vulnerability Study that will incorporate the cyber security threat vulnerability component to satisfy the TSA requirement. The Transportation Safety Administration Department of Homeland Security has identified transit agencies as a high target for terrorism and other security type incidents. The internal cyber security is handled by Kerry Kinkade, Acting Vice President Chief Information Officer, and his IT team. The IT department has always had staff that deals with cyber, network, and data security; however, the IT Department will be hiring an individual to specifically monitor cyber security issues. This report was informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

10. Treasury – Safekeeping Quarterly Accounts Audit, Ending December 31, 2015

8:27 a.m. The Treasury – Safekeeping Quarterly Accounts Audit Report, ending December 31, 2015, was provided in the Committee packet. Jim Cali, Director of Internal Audit, provided a brief overview. Per Board Policy, the Internal Audit Department **(IAD)** is required to perform a quarterly audit of the Treasury Safekeeping Accounts. IAD reviewed the Treasurer's Report, identified the securities classified under the Safekeeping Accounts criteria, contacted each bank custodian to verify the existence of the Securities and to confirm account balances. In accordance with the new GASB Statement No. 72 *Fair Value Measurement and Application,* IAD performed an examination of each bank safekeeping custodian's account confirmation as compared with the fair values for each investment in the Treasurer's Report. A chart has been provided to show the individual values, the commodities and the custodians of the Safekeeping assets as part of this report. IAD has determined that the Safekeeping Accounts exist, and their respective balances have been fairly presented. This report was informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

11. Internal Audit Follow-Up Summary, Third Quarter FY 2016

8:28 a.m. The Internal Audit Follow-Up Summary, Third Quarter FY2016 report was provided in the Committee packet. Jim Cali, Director of Internal Audit, provided a brief overview. When the Internal Audit Department completes an audit the most important aspect of that audit is the follow-up. This report is a comprehensive overview highlighting the current implementation status of recommendations issued in prior audit reports. Many times there are recommendations or observations and management has agreed to make adjustments and/or changes to improve efficiencies or operational effectiveness. IAD spends a great deal of time reviewing the management action plans to make sure that the recommendations are being implemented in accordance with the timetable that management has set forth. Management has done a great job over the quarter and closed out a number of outstanding issues. There are two issues that remain overdue, but that is not a problem. These are very complicated issues and IAD believes that these two outstanding and overdue issues will be completed within the next quarter. This report was informational only and no Committee action was required. A copy of the report will be kept at the office of the Deputy Secretary.

12. FY2017 Annual Audit Work Plan & Risk Assessment

8:29 a.m. The Fiscal Year 2017 Annual Audit Work Plan & Risk Assessment was provided in the Committee packet. Jim Cali, Director of Internal Audit provided a brief overview. The Fiscal Year 2017 Audit Work Plan will concentrate on the auditable units associated with grants, and payroll/time and attendance issues. It will also confirm IAD's compliance with the relevant professional standards. In performing these audits, it will provide assurance to the Audit Committee that risks that could prevent Bi-State Development from achieving its objectives have been identified. The scope of the Annual Audit Work Plan is designed to address key risks in the Corporate System, Support System and the Operational System. Highlights for the Fiscal Year 2017 audit plan reflect a great deal of effort put forth for the Federal Transit Administration **(FTA)** required Safety and Security Audits and Safety and Security Oversight regarding passenger railroad. IAD will pay special attention to systems that are related to revenue collections, payables, and the payment card system. A great deal of time has been budgeted to do audit follow ups for the audits that have been completed in previous fiscal years that have rolled over into Fiscal Year 2017. The FTA Triennial Review of the entire agency will take place this summer, and IAD has set aside some time for any follow up that may result from their audit report. A motion to approve the Fiscal Year 2017 Annual Audit Work Plan and Risk Assessment was made by Commissioner Schoemehl and seconded by Commissioner Brown. **Motion passed unanimously.**

13. Unscheduled Business
8:30 a.m. There was no unscheduled business.

14. Call of Dates for Future Committee Meetings
8:30 a.m. The next Board meeting is scheduled for Friday, June 24, 2016, at 8:00 a.m.; the next Operations Committee meeting is scheduled for Tuesday, August 16, 2016, at 8:00 a.m. and the next Finance and Administration Committee meeting is scheduled for Friday, August 26, 2016, at 8:00 a.m.

15. Executive Session - If such action is approved by a majority vote of the Bi-State Development's Board of Commissioners who constitute a quorum, the Board may go into closed session to discuss legal, confidential, or privileged matters under §610.021(1); RSMo; leasing, purchase or sale of real estate under §610.021(2); personnel actions under §610.021(3); discussions regarding negotiations with employee groups under §610.021(9); sealed bids, proposals and documents related to negotiated contracts under §610.021(12); personnel records or applications under §610.021(13); records which are otherwise protected from disclosure by law under §610.021(14); records relating to hotlines established for reporting abuse and wrongdoing under §610.021(16); or confidential or privileged communications with the District's auditor, including auditor work products under §610.021(17).
8:30a.m. Pursuant to the requirements of Section 610.021(1), 610.021(2), 610.021(14), and 610.021(16) of the Revised Statutes of Missouri, Chairman Gully requested a motion to allow the Committee to go into closed session. A motion to go into Executive Session was made by Commissioner Holman and seconded by Commissioner Schoemehl. A roll call vote was taken and the Commissioners present, Gully, Schoemehl, Holman and Kicielinski voted to approve this agenda item. (It should be noted that Commissioner Brown was in attendance during this vote, however because of an oversight her name was not called.) **Motion passed unanimously, and the Open Session meeting was adjourned.**

Deputy Secretary to the Board of Commissioners
Bi-State Development

Bi-State Development
Agenda Item
Audit Committee
October 21, 2016

From:	Kathy S. Klevorn Sr. Vice President and Chief Financial Officer
Subject:	**Sole Source Contract for Performance and Management Audit**
Disposition:	Approval
Presentation:	Larry B. Jackson; Executive Vice President – Administration; and Kathy S. Klevorn, Sr. Vice President and Chief Financial Officer

Objective:
To present to the Audit Committee for discussion and referral to the Board of Commissioners a request for approval of a sole source contract with Infrastructure Management Group (**IMG**) to perform the Performance and Management Audit specified in the 2002 Bond Indenture.

Board Policy:
Chapter 50 Purchasing, Section 50.010 Procurement and Contract Administration, (E) Award Authority, 1.b. states:

1. The Board of Commissioners shall approve the following procurements:
   b. Non-Competitive Procurements which exceed $100,000

It is the policy of Bi-State Development to conduct all procurements in a manner which fosters full and open competition. In some cases, competition is not feasible or practical. Sole source procurements totaled 8.6% of all procurements over the last four quarters.

Funding Source:
Funding is provided through the Annual Operating Budget.

Background:
On July 29, 2011, the Board of Commissioners awarded a sole source contract to Infrastructure Management Group (IMG) for a five year period to comply with performance requirements for the following:

- Article VI, Section 618 (a special covenant) within the bond indenture for the Series 2002, 2005, 2007 and 2009 bonds required a Consultant's Report as follows: Beginning with the fifth anniversary of revenue service of the (Cross County Light Rail) Project and biannually thereafter, the Agency covenants to employ, in an advisory capacity, a competent independent consulting firm having a favorable national repute for skill and experience in the mass transit field; which firm shall be appointed by the Agency and shall be acceptable to the Trustee.

- St. Louis County Ordinance #24,264 (2010), which allowed the Prop A Sales Tax initiative to be placed on the April 2010 ballot in St. Louis County, required the Agency to enter into a contract for service and *submit to a performance audit of its management and operations every three years.*

This solicitation generated much interest, but only one proposal. IMG is a national management and financial consulting firm with over 500 successful performance improvement and financial management engagements. IMG proposed to complete the work with ABNA Engineering participating in the rail infrastructure review.

The proposal summary for the FY2011 award to IMG is as follows:

FY 2012	FY 2013	FY 2014	FY 2015	FY2016
$ 123,093.00	$ 122,560.00	$ 95,103.00	$ -0-	$ 159,094.00

Total Contract Amount $ 499,850.00

Analysis:

Since July 2011, the Series 2002, 2005 and 2007 bonds were refunded by the Series 2013 bonds. The advanced refunding of the Series 2009 bonds is awaiting authorization from St. Louis County. Financial analysis concludes that a positive NPV result can be achieved of more than $10 million (and above 10%) in the Series 2009 refunding. Bi State Development (**BSD**) will continue to maintain the safety and integrity of the rail fixed guideway system in accordance with all federal program standards and regulations. The program requirements within the infrastructure inspection program are being implemented as part of the State Safety and Security Oversight Program Standards. This program is monitored by the States of Illinois and Missouri Departments of Transportation and MetroLink Operations, Safety and Internal Audit employees. The SSO program is robust and on-going. BSD intends to issue a new request for proposal (**RFP**) taking into account the changes in requirements as soon as the Series 2009 bonds have been refunded. A performance audit is due in August of 2018. IMG has agreed to conduct that audit while the Series 2009 bonds continue under their current structure. The next RFP will also continue to meet the requirements of St. Louis County Ordinance #24,264 (2010).

IMG has proposed to conduct the performance audit partnering with ABNA Engineering for a budget not-to-exceed $120,491.00. This is in line with the original audit proposal shown above for FY2012, FY2013, and FY2016. The cost of the work performed in FY2014 was $27,457 less than the work performed in FY2013 because IMG was able to rely upon some of the work presented in the FY2014 performance audit report.

Committee Action Requested:

Management recommends that the Audit Committee approve and refer to the Board of Commissioners for approval and authorize the President and CEO to enter into a contract with IMG for a period of one year in a not-to-exceed amount of $ 120,491.00.

Attachments:

1. September 20, 2016 IMG Proposal Letter

IMG REBEL

4350 East West Highway, Suite 950
Bethesda, MD 20814

September 20, 2016

Ms. Kathy Klevorn
Senior Vice President & CFO
211 North Broadway, Suite 700
St. Louis, MO 63102

Re: Metro Mass Transit Consultant's Report, 2017

Dear Kathy:

It was good to talk with you last week and I am glad to hear that you and Bi-State Development (BSD) are doing well.

Our Understanding

Our understanding is that given BSD's schedule with the bond restructuring, BSD needs to carry out a management and performance review to meet the terms of the Series 2002 Mass Transit Sales Tax Appropriation Bond indenture. Under that indenture, BSD is required to engage a mass transit consultant to carry out the following:

- Inspect MetroLink system facilities and maintenance programs performed under the MetroLink Structures Inspection Program; and
- Make reports and recommendations on the proposed changes to the rates of fare, service adjustments, budget(s) for operation, maintenance, capital replacements and modernization.

This scope of work corresponds to the 2011 and 2013 "elements of the audits" in the Mass Mass Transit Consultant scope of work (11-RFP-5754-SG) under which the IMG Rebel team carried out four management and performance audits over the last five years. The exception of the 2013 element of the audit is that it specifically focused on Metro's fare collection system, including fare enforcement. While IMG Rebel would review fare collection as part of its work, it would not focus on this as a separate section.

In carrying out consultant's report IMG Rebel would use a similar format as it has for the four previous audits, in order to ensure data consistency and easy comparison with previous reports. As with past work, we would finalize the focus of the audit after the initial data review.

Team

The Team carrying out this work will be led by the same staff as in previous audits. This will include Tom Rubin, myself, and staff members of ABNA Engineering.

Budget and Schedule

Our understanding is that you will need to receive the consultant's report by May, 2017. We would expect to start the report in December, 2016 and schedule at least one set of on-site meetings in February, 2017. We would provide you a draft audit report in April and a final report in May.

We expect that the level of effort to be similar to our previous audits of around 600 hours. We project a professional services budget of $115,691 and a travel expense budget of $4,800 for a total not-to-exceed budget of $120,491. Please find further detail in the attachment.

The budget estimate is based on our 2011 hourly rates under the Mass Transit Consultant contract that have been escalated by inflation. Please find further detail in the attachment.

We appreciate having the opportunity to work with BSD once again on this important assignment. Please do not hesitate to contact me if you have any questions by phone or email (see below).

Yours sincerely,

Sasha Page
Principal, IMG Rebel
spage@imgrebel.comj, 301-675-3102

Attachment

Estimated Hours and Budget

Work Element	Hours	Work Budget
Planning/ Coordination	34	$7,223
Interviews/Field Work	148	$27,602
Analysis	275	$52,466
Report	133	$28,400
TOTAL	590	$115,691
	Expenses	$4,800
	TOTAL BUDGET	$120,491

Hourly Rates Schedule

Firm	IMG Rebel	IMG Rebel	IMG Rebel	IMG Rebel	IMG Rebel	ABNA	ABNA
Title	Principal	Sr. Consultant	Consultant	Admin	Sr. Advisor	Sr. Engineer	Jr. Engineer
Hourly Rate	$267.50	$203.30	$144.45	$96.30	$176.55	$205.66	$102.12

Bi-State Development
Agenda Item
Audit Committee
October 21, 2016

From:	Charles A. Stewart, Jr., Vice President, Pension & Insurance Vice President - Pension & Insurance
Subject:	**Pension Audit Update**
Disposition:	Information
Presentation:	Charles A. Stewart, Jr., Vice President, Pension & Insurance

Objective:
To present to the Audit Committee an update on the audits of the three pension plans. Note that the Clerical Pension Plan merged with the 788 Amalgamated Transit Union **(ATU)** Pension Plan on April 1, 2015, so there are now three (3) pension plans rather than four (4).

Board Policy:
Board Policy, Section 70.050, Employee's Pension and 40l(k) Retirement Savings Plan states (in part) that:

A. General (revised 6/26/09 and 7/29/11). The Bi-State Development Agency sponsors four defined benefit pension plans and one defined contribution, 401(k) Retirement Savings Plan for employees of the Agency. It is the responsibility of the Board of Commissioners to:
   2. Oversee the funded status of the Plans
   3. Oversee Trustee Administration

Funding Source:
No funding request is made for this matter. The pension plans and 401(k) retirement savings programs are funded by employer and employee contributions.

Background:
The Pension Data Audit, issued by Bi-State Development's Internal Audit Department in March 2012, identified policy, procedure, recordkeeping and internal control deficiencies that affected both financial reporting and the general administration of the pension plans.

A major recommendation made by Internal Audit was for the pension trustees to engage an independent certified public accounting firm to perform an annual financial statement audit.

This recommendation has been implemented and the audit reports referenced herein reflect significant progress in addressing the deficiencies noted by the internal auditors.

Analysis:
Audit Results: Plan Years 2016 Pension Audits

- Financial audit reports for plan years ended 2016 were issued by Mayer Hoffman McCann, PC (**MHM**) in September 2016.
- MHM issued unqualified "clean" audit opinions for plan years ended 2016 for all three (3) pension plans.

Other Audit Findings or Issues
All matters discovered by MHM during the course of the audits were reviewed with management and disclosed to the pension trustees. All identified issues were corrected prior to the completion of the audits.

401(k) Audit:
The audit report of the 401(k) Retirement Savings Program for the year ended December 31, 2015 is in process.

Request for Proposals:
At the February 2016 Pension Committee Meetings, the Pension Trustees for all committees voted to seek audit proposals for the next round of annual audits. Preparation of the RFP is underway, and an audit firm will be selected prior to the next audits.

Financial Statements:
The comparative Financial Statements for fiscal year ended 2016 for the three pension plans follow this report.

Committee Action Requested:
None. Information only.

Attachments:

1. Financial Statements – Pension Plan for Salaried Employees of the Bi-State Development Agency of Missouri-Illinois Metropolitan District, Year Ended May 31, 2016.

2. Financial Statements – Metro Local No. 2 and Local No. 309 of the International Brotherhood of Electrical Worker’s Employees’ Pension Plan, Year Ended March 31, 2016.

3. Financial Statements – Metro Division 788 Amalgamated Transit Union Pension Plan, Year Ended March 31, 2016.

PENSION PLAN FOR SALARIED EMPLOYEES OF THE BI-STATE DEVELOPMENT AGENCY OF MISSOURI-ILLINOIS METROPOLITAN DISTRICT

Financial Statements and Required Supplementary Information

Year Ended May 31, 2016

PENSION PLAN FOR SALARIED EMPLOYEES OF THE BI-STATE DEVELOPMENT AGENCY OF MISSOURI-ILLINOIS METROPOLITAN DISTRICT

Year Ended May 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Pension Committee of the Pension Plan for Salaried Employees of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District:

We have audited the accompanying financial statements of the Pension Plan for Salaried Employees of the Bi-State Development Agency of Missouri-Illinois Metropolitan District (the Plan), which comprise the statement of fiduciary net position as of May 31, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of May 31, 2016, and the changes in fiduciary net position for the year then ended, in accordance with U.S. GAAP.

Other Matters

Required Supplementary Information

U.S. GAAP requires that the management's discussion and analysis (MD&A) on pages 3-7 and the required supplementary information (the schedules of changes in net pension liability and related ratios, employer contributions, and money-weighted rate of return) be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the U.S. Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mayer Hoffman McCann P.C.

St. Louis, Missouri
September 6, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

PENSION PLAN FOR SALARIED EMPLOYEES OF THE BI-STATE DEVELOPMENT AGENCY OF MISSOURI-ILLINOIS METROPOLITAN DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
May 31, 2016

OVERVIEW

The management's discussion and analysis (MD&A) presented is for the Pension Plan for Salaried Employees of the Bi-State Development Agency of Missouri-Illinois Metropolitan District (the Plan). The MD&A is intended to serve as an introduction to the Plan's financial statements which consists of (1) Financial Statements, (2) Notes to the Financial Statements and (3) Required Supplementary Information. The MD&A provides an overview for the fiscal year ended May 31, 2016 with limited information provided on the previous year.

HISTORY

The Plan is a defined benefit plan that meets the requirements of the IRS code section 401(a). The Plan provides for pension benefits for any participant who satisfies the age and service requirements. The Plan is that of a governmental unit and, therefore, is not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

Effective June 1, 1964, Bi-State Development Agency of the Missouri-Illinois Metropolitan District (Bi-State Development) adopted the Bi-State Agency Employee Trust Plan Agreement and subsequently amended the name to Pension Plan for Salaried Employees of the Bi-State Development Agency of Missouri-Illinois Metropolitan District effective June 1, 1966.

In order to qualify for a normal retirement benefit, an employee must have attained age 60 and have at least five years of credited service.

In order to qualify for early retirement benefits, an employee must attain age 55 and have completed at least ten years of credited service.

In addition to pension benefits paid at retirement, the Plan also provides death benefits under certain circumstances that would be paid to a retiree's designated beneficiaries.

The Plan includes a provision for the payment of Supplemental Benefits, as defined by the Plan. This option allows a retiree to receive the dollar value of his/her unused sick leave as of the termination date. Prior to June 25, 2009, a retiree could choose to have his/her Supplemental Benefits paid as either a lump sum payment or a series of monthly payments for a designated length of time (one, three, five or seven years). After June 25, 2009, unused sick leave is converted to additional credited service, as defined by the Plan.

Effective July 1, 2013, the Plan was amended so that the Plan is closed to new participants.

ORGANIZATION

The Pension Committee consists of the Chair, four standing Trustees and up to five non-standing Trustees. Bi-State Development's Board of Commissioners appoints the Chairperson by Bi-State Development's Board Policy, the four standing Pension Committee members are the Chief Operations Officer, the Vice President of Human Resources, the General Counsel and the Chief Financial Officer. The Chairperson of the Pension Committee, with the concurrence of the Bi-State Development President, shall appoint up to five non-standing Trustees.

The Pension Committee is responsible for establishing the investment policies, overseeing the activity of the investment manager, approving applications for pension benefits and safeguarding the Plan's assets.

FINANCIAL STATEMENTS

As described above, there is one year of data presented. The Plan follows Governmental Accounting Standards Board No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No.* 25 (GASB 67). The Statement of Fiduciary Net Position includes information about assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position, as applicable, as of the end of a pension plan's reporting period. The Statement of Changes in Fiduciary Net Position summarizes the additions to, deductions from, and net increase in fiduciary net position for a pension plan's reporting period. The difference between assets and liabilities is one measure of a pension plan's financial position and the change in this measure over time is an indication of whether the Plan's financial health is improving or deteriorating.

The Notes to the Financial Statements and Required Supplementary Information provide additional information that is essential to a full understanding of the data provided in the Financial Statements.

Per GASB 67, the Plan is required to provide the following supplementary information for ten years:

1. Schedule of Changes in Net Pension Liability and Related Ratios
2. Schedule of Employer Contributions
3. Schedule of Money-Weighted Rate of Return

However, the Plan is permitted to disclose as many years as are available (2 years) of data and build on to the information in each subsequent period until ten full years are presented.

CONDENSED FINANCIAL INFORMATION
(In thousands)

	As of and for the Year Ended May 31, 2016
Assets	$ 54,876
Liabilities	21
Net Position	$ 54,855
Contributions	
Employer	$ 2,752
Participant	556
Investment Loss, net	(2,040)
Benefits Paid to Participants	(4,275)
Administrative Expenses	(168)
Net Decrease	$ (3,175)

FINANCIAL HIGHLIGHTS

Pension Plan
The Plan's net position increased by $560 thousand in 2015 and decreased by approximately $3.2 million in 2016. Net plan position totaled $55.0 million at May 31, 2016. This is an decrease over the 2015 asset total of $58.0 million.

Liabilities totaled $21 thousand and $82 thousand as of May 31, 2016 and 2015, respectively. These liabilities are primarily driven by the timing of payment of certain plan expenses.

The Plan received employer contributions from Bi-State Development in the amounts of $2.8 million and $3.5 million for the years ended May 31, 2016 and 2015, respectively. Employer contributions are determined by the Plan's actuary. Bi-State Development also funds supplemental pension benefits for participants' unused sick leave as they are paid by the Plan. Prior to January 1, 2014, contributions were paid 100% by Bi-State Development and there were no participant contributions. Effective January 1, 2014, employees began making mandatory contributions into the plan. Participant contributions for the years ended May 31, 2016 and 2015 were $556 thousand and $529 thousand, respectively.

The Plan paid $4.3 million and $6.0 million in benefits for the years ended May 31, 2016 and 2015, respectively.

Bi-State Development

As of June 30, 2015, Bi-State Development had assets in excess of $1.45 billion and net assets of $561.1 million. Operating revenues for the twelve months ended June 30, 2015 were $70.2 million and operating expenses were $328.0 million. The main operating expenses were wages and benefits ($165 million), depreciation and amortization ($72 million), and materials and supplies ($40 million). This created an operating loss of $257.8 million. Non-operating revenues, net were $257.5 million and were primarily comprised of grants and assistance. The Change in Net Position was $(.30) million for the year ended June 30, 2015. Comprehensive Annual Financial Report (CAFR) information for the current and prior years can be found at www.bistatedev.org or by contacting the Finance Division, Bi-State Development Agency, One Metropolitan Square, 211 North Broadway, Suite 700, Mail Stop 154, St. Louis, MO 63102. The telephone number to the Finance Division is 314-982-1547. The email address is Finance@BiStateDev.org.

CONDENSED CAFR DATA FOR BI-STATE DEVELOPMENT:
(In millions)

	As of and for the Year Ended June 30, 2015
Assets	$ 1,452
Liabilities	891
Net Position	$ 561
Operating Revenue	$ 70
Operating Expenses	328
Operating Loss	(258)
Non-Operating Revenue, net	258
Change in Net Position	$ -

CONTACT

The financial section is designed to provide users with a general overview of the Plan's financial activity. If you have questions about this report or need additional financial information regarding the Plan, contact the Bi-State Development Pension Department, One Metropolitan Square, 211 North Broadway, Suite 700, Mail Stop 125, St. Louis, MO 63102.

PENSION PLAN FOR SALARIED EMPLOYEES OF THE BI-STATE DEVELOPMENT AGENCY OF MISSOURI-ILLINOIS METROPOLITAN DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
May 31, 2016

ASSETS:		
Receivables:		
Participant contributions	$	25,428
Securities sold		188
		25,616
Investments:		
Money market funds	$	1,162,622
Investments in registered investment companies		51,028,257
Other		2,659,549
		54,850,428
TOTAL ASSETS		54,876,044
LIABILITIES:		
Accrued expenses		20,707
TOTAL LIABILITIES		20,707
NET POSITION RESTRICTED FOR PENSION BENEFITS	**$**	**54,855,337**

See notes to the financial statements.

PENSION PLAN FOR SALARIED EMPLOYEES OF THE BI-STATE DEVELOPMENT AGENCY OF MISSOURI-ILLINOIS METROPOLITAN DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended May 31, 2016

ADDITIONS:		
Contributions:		
Employer	$	2,752,597
Participant		555,834
Total contributions		3,308,431
Investment income (loss):		
Net depreciation in fair value of investments		(2,473,672)
Interest and dividends		515,474
Total investment loss		(1,958,198)
Less investment expense		82,242
Net investment loss		(2,040,440)
Total additions		1,267,991
DEDUCTIONS:		
Benefits paid to participants		4,275,398
Administrative expenses		168,111
Total deductions		4,443,509
NET DECREASE IN NET POSITION		**(3,175,518)**
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year		**58,030,855**
End of year	**$**	**54,855,337**

See notes to the financial statements.

(1) Description of plan

The following description of the Pension Plan for Salaried Employees of the Bi-State Development Agency of Missouri-Illinois Metropolitan District (the Plan) provides only general information. Participants should refer to the Plan Document or Summary Plan Description for a more complete description of the Plan's provisions, which are available from the plan administrator.

General - The Plan, which is a single-employer defined benefit plan, became effective June 1, 1964. The Plan provides for pension benefits for any participant who satisfies the age and service requirements pursuant to the Plan document. The Plan is that of a governmental unit and, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The Pension Committee of the Pension Plan for Salaried Employees of the Bi-State Development Agency of Missouri-Illinois Metropolitan District (the Committee) serves as the Plan's trustee. The Committee consists of the Chair, four standing Trustees and up to five non-standing Trustees. Bi-State Development's Board of Commissioners appoints the Chairperson by Bi-State Development's Board Policy; the four standing Committee members are the Chief Operations Officer, the Vice President of Human Resources, the General Counsel and the Chief Financial Officer. The Chairperson of the Committee, with the concurrence of the Bi-State Development President, shall appoint up to five non-standing Trustees. The Committee is responsible for establishing the investment policies, overseeing the activity of the investment manager, approving applications for pension benefits and safeguarding the Pension Plan's assets.

Bank of New York Mellon (BNY) serves as the Plan's asset custodian. The Bi-State Development Agency of Missouri-Illinois Metropolitan District (Bi-State Development) has historically served as the Plan's administrator. Milliman, Inc. is the third party administrator of the Plan. Ellwood Associates serves as the Plan's investment advisor. The Plan's membership consisted of:

	As of June 1, 2015
Active participants	346
Terminated vested participants	110
Terminated nonvested participants (due refund)	2
Long term disability participants	4
Participants receiving payments	327
	789

Funding policy - The Employer intends to make contributions from time to time to the Plan in amounts actuarially determined to be sufficient to fund the benefits provided by the Plan.

(1) Description of plan (continued)

Eligibility - Prior to July 1, 2013, Employees, as defined, were immediately eligible to participate in the Plan upon hire. Effective July 1, 2013, the Plan was amended so that the Plan is closed to new participants. The following describes the various tiers of employees impacted by the amendment:

Tier 1 - new hires into a salaried position- Salaried employees hired on or after July 1, 2013 are not eligible to participate in the Plan, but became eligible to participate in the Bi-State Development Agency 401(k) Retirement Savings Plan (the 401(k) Plan).

Tier 2 - transfers into a salaried position from a union position- Effective July 1, 2013, employees transitioning from a union position to a salaried position are not eligible to participate in the Plan, but will be automatically enrolled in the 401(k) Plan.

Tier 3 - non-vested salaried employees who elect to become a participant in the 401(k) Plan- Effective January 1, 2014, all non-vested salaried employees in the Plan were given two options for retirement plan participation:

1. Cease participation in the Plan and become a participant in the 401(k) Plan and receive contributions from Bi-State Development of 6% of eligible compensation along with a matching contribution from Bi-State Development of 50% up to 5% of eligible compensation.

2. Remain a member of the Plan and, as a participant, contribute 3% of Bi-Weekly Base Pay, as defined, to the Plan.

Tier 4 - vested salaried employees in 401(k) plan with a frozen accrued benefit in the Plan- Effective January 1, 2014, vested employees covered under the Plan could elect to stop participating in the Plan and Bi-State Development will contribute 6% of their eligible compensation to the 401(k) Plan. The participant’s accrued benefit in the Plan will be available to the participant at his/her valid Pension Commencement Date, as defined.

Tier 5 - vested salaried employee in the 401(k) Plan without a frozen accrued benefit from the Plan - Effective January 1, 2014, employees who are vested in the Plan who elect to forfeit all their accrued benefits in the Plan, will receive Bi-State Development contributions to the 401(k) Plan.

Tier 6 - vested salaried employee who continues in the Plan - Effective January 1, 2014, vested salaried employees covered under the Plan may elect to continue to participate in the Plan and will be required to contribute 3% of their Bi-Weekly Base Pay, as defined, to the Plan.

(1) Description of plan (continued)

Tier 7 - terminated vested salaried employees in the Plan - During a ninety day window established by Bi-State Development, all terminated, vested participants were offered an option to receive a lump sum cash payment as defined by the Plan to end their participation in the Plan or to remain in the Plan.

In addition, effective January 1, 2014, all vested salaried employees had their accrued sick leave and vacation leave converted to paid time off (PTO). The PTO maximum was 360 hours. Certain amounts in excess of the 360 hours will be converted to a Bi-State Development contribution to the 401(k) Plan. Refer to the restated plan document for additional information.

Contributions - Prior to January 1, 2014, participant contributions to the Plan were not required or permitted. Effective, January 1, 2014, the Plan was amended so that participant contributions equal to 3% of Bi-Weekly Base Pay, as defined, are required each pay period from active participants who elected to continue participation in the Plan.

Normal retirement pension - A participant who has attained age 60 and had completed at least five years of credited service is entitled to pension benefits at normal retirement age. Monthly benefit payments, for participants who retire after July 31, 2004, are the greater of (1) the sum of a participant's accrued benefit as of May 31, 1989 plus 1.5% of the participants' final average monthly earnings multiplied by the years of credited service after May 31, 1989 or (2) 1.5% of the participants' final average monthly earnings multiplied by the total years of credited service. Effective, July 1, 2013, the normal retirement age was changed from 65 to 60.

Early retirement pension - A participant who has attained age 55 and has completed at least ten years of credited service may elect to retire at any time prior to normal retirement date. The early retirement pension equals the participant's normal pension (as described above) reduced by ¼ of 1% for each month that the early retirement date precedes the normal retirement date.

Benefit formula - Monthly benefits are based on final average monthly earnings and years of credited service.

Termination benefit - Participants who leave the service of Bi-State Development with less than five years of credited service are entitled to a refund of their employee contributions, if any.

Vested benefit - Participants who leave the service of Bi-State Development with at least five years of credited service may elect to (i) accept a refund of their pension contributions, if any or (ii) accept a vested pension.

(1) Description of plan (continued)

If a vested pension is elected, benefit payments will be deferred to age 60 or calculated under the early retirement provision of the Plan and will be based upon the participant's accrued credited service and the benefit formula which was in effect at the time the participant left service.

Death benefit - If a married participant's death occurs while eligible for retirement (early or normal), a benefit is payable to the surviving spouse. The amount of the benefit is equal to 50% of the monthly benefit which would have resulted had the participant retired on the first day of the month immediately prior to the date of the participant's death. The beneficiary of an unmarried participant shall be paid a benefit equal to the greater of the participant's accumulated cash share or, if eligible for normal retirement, the computed value of the 120 monthly payments payable had the participant retired on the date of death.

Payment options - Participants may elect to receive their benefits under the following options:

- Straight Life Annuity
- Straight Life Annuity with the first ten years of payments guaranteed
- Joint and Contingent Survivor Annuity

Contingent annuitant options - Under these options, a reduced monthly benefit is available to the participant for life and 50%, 66 2/3%, or 100% of such reduced monthly benefit to the participant's surviving spouse for the spouse's lifetime if the participant predeceases the spouse. The monthly benefit reduction will be actuarially determined based upon the participant's and spouse's ages at the time of retirement.

Supplemental pension benefits - Upon retirement, a participant is entitled to receive a supplemental pension benefit for the participant's accumulated sick leave. Prior to June 25, 2009, the participant could elect a lump sum or monthly payments over one, three, five or seven years. After that date and prior to July 1, 2013, sick time could be converted into credited years of service.

During Bi-State Development's fiscal year beginning July 1, 2013, Bi-State Development made a special contribution to the Plan for the present value of all excess sick leave, sick hours above 1,248 which accrued for a participant from December 2001 until July 31, 2009. During a transition period from July 1, 2013 to December 31, 2013, any participant who retired under the Plan with excess sick leave converted such leave into a supplemental pension benefit or received a lump sum payment of eighty-five percent of the cash value of the excess sick leave. Any participant who had an excess sick leave balance on January 1, 2014 was entitled to receive a supplemental pension benefit commencing on his pension commencement date.

(2) Summary of significant accounting policies

Basis of presentation - The accompanying financial statements are presented in accordance with accounting principles established by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to state and local governmental units. The accompanying financial statements include solely the accounts of the Plan, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the benefits required under the terms of the governing Plan Document and amendments thereto.

Basis of accounting - The financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, contributions are recognized in the period in which the employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Use of estimates - The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Employer and participant contributions receivable - Contributions receivable represents contributions due to the Plan for hours worked prior to the end of the Plan year.

Investment valuation and income recognition - Investments are reported at fair value, which is the closing price reported in the active market as of the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When quoted market prices are not available, investments are based on independent appraisals and recent financial results, or if no established market, then they are reported at their estimated fair values.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits - Benefits are recorded when paid.

New accounting pronouncement - GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72)- This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The Plan's management is currently evaluating the impact of GASB 72.

(2) Summary of significant accounting policies (continued)

Administrative expenses - Certain expenses of the Plan are paid by Bi-State Development and are not included in the statement of changes in fiduciary net position. Investment related expenses are included in net depreciation in fair value of investments.

(3) Investments

The Committee has established a formal investment policy that includes selecting professional investment advisors to manage investments, diversifying the investment portfolio between fixed income and equity securities, and making both short-term and long-term investments to help realize a consistent return. The following schedule presents the aggregate fair value for the Plan's investments as of May 31, 2016:

	May 31, 2016	
Money market funds:		
NY Mellon EB Temporary Investment Fund	$ 1,162,622	
Registered investment companies:		
Metropolitan West Low Duration	16,296,940	*
Montag & Caldwell Growth Fund	5,565,312	*
Dodge & Cox Stock Fund	5,538,683	*
Sarofim Equity Fund	5,422,567	*
Europacific Growth Fund- A	4,488,628	*
William Blair Small Mid Cap	2,949,777	*
Wellington Archipelago	2,890,878	*
Brandes International Equity	2,852,496	*
Vaughan Nelson Value Opportunities	2,365,962	
Templeton Institutional Funds	1,418,041	
Prudential Jennison Natural	645,897	
Credit Suisse Commodity	593,076	
Total registered investment companies	51,028,257	
Other	2,659,549	
	$ 54,850,428	

* Represents a concentration risk, as investment exceeds 5% of Plan's investments

Custodial credit risk is when, in the event a financial institution or counterparty fails, the Plan would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. All investments are held in the Plan's name and are not subject to creditors of the custodial financial institution. The Plan maintains its investments at one commercial trust company in St. Louis, Missouri.

Currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investments during the period under audit were all in U.S. dollars.

(3) Investments (continued)

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The Plan's assets as of May 31, 2016 subject to credit risk are shown with their respective credit ratings below:

Metropolitian West Low Duration	AA	$ 16,296,940

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan does not have a direct investment in bonds.

The Plan's investment policy is based upon an asset allocation that considers the current and expected condition of the Plan, the expected long-term capital market outlook and the Plan's risk tolerance.

For the year ended May 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was (3.57) percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period.

(4) Tax status

The Internal Revenue Service has determined and informed the Committee by letter dated August 25, 2014, that the Plan and the related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Committee believes that the Plan and the related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

(5) Funding policy

Prior to January 1, 2014, contributions under the Plan were made solely by Bi-State Development. Effective January 1, 2014, the Plan was amended to require participant contributions as discussed in Note 1. Bi-State Development makes contributions as required to keep the Plan qualified under Section 401 of the IRC. Contribution rates are determined by an actuary.

Bi-State Development also funds supplemental pension benefits for participants' unused sick leave as they are paid by the Plan.

(6) Net pension liability

The following presents the components of net pension liability at May 31, 2016:

Total pension liability	$ 85,133,917
Plan fiduciary net position	54,855,337
Net pension liability	$ 30,278,580
Plan Fiduciary net position as a % of total pension liability	64.43%
Covered payroll	$ 21,825,710
Net pension liability as a % of covered payroll	138.73%

The total pension liability was determined by an actuarial valuation as of the valuation date (June 1, 2015) calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year-end. Any significant changes during this period must be reflected as prescribed by GASB 67.

The following significant assumptions were used for the June 1, 2015 actuarial valuation:

Valuation date	June 1, 2015
Measurement date	May 31, 2016
Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

(6) Net pension liability (continued)

Inflation	2.50%
Salary increases including inflation	4.50%
Mortality	Healthy Lives: RP-2014 Mortality for Employees, with White Collar adjustment, and Healthy Annuitants, with White Collar adjustment, male and female rates, with projection five years from the valuation date using Scale BB; Disabled Lives: RP-2014 Disabled Mortality, male and female rates
Actuarial cost method	Entry Age Normal (level percent of pay)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are from the Plan's investment advisors as of May 9, 2016.

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
Intermediate-Term Fixed Income	32.00%	0.90%
Large Cap U.S. Equities	29.00%	5.30%
Small/Mid Cap U.S. Equities	9.00%	6.30%
Developed Foreign Equities	14.50%	5.30%
Non-U.S. Small Cap Equities	3.00%	5.30%
Hedge Funds/Absolute Return	10.00%	4.00%
Commodities	2.50%	3.00%
Assumed inflation- mean		2.50%
Long-term expected rate of return		7.00%

* As outlined in the Plan's investment policy dated May 2015

(6) Net pension liability (continued)

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) and 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total pension liability	$ 94,677,588	$ 85,133,917	$ 77,009,099
Fiduciary net position	54,855,337	54,855,337	54,855,337
Net pension liability	39,822,251	30,278,580	22,153,762

(7) Plan termination

In the event the Plan is terminated in the future, the Plan's administrator shall determine the assets of the Plan and shall allocate them pursuant to the priority described below and certified by the actuary employed by it based on such actuary's valuation made as of the date of such termination.

The allocation shall be made in the following order:

(i) An amount shall be allocated to each participant equal to the participant's contributions to the Plan as of the date of termination less any benefits received under the Plan.

(ii) From the remaining balance an amount shall be allocated to retired participants and to participants eligible for normal retirement or disability retirement at the date of termination, sufficient to provide for the amount of their allowances not already provided under (i).

(iii) The remaining balance shall be allocated to the participants in proportion to the excess of the actuarial values of their accrued benefits under the Plan over the amounts allocated under (i).

Should there be insufficient funds to provide the amounts under either (i) or (ii) above, all allocations within the group affected will be reduced by the same proportion.

Upon termination, the Plan's administrator shall liquidate the Plan and the amounts allocated, as prescribed above, shall be apportioned to all such participants in cash, or in the form of insured paid-up annuities, or by transfer to another Plan, or otherwise, as the Plan administrator may determine.

(8) Commitments and contingencies

Certain participants in the Plan are entitled to refunds of their accumulated contributions plus interest thereon, calculated at a rate of 3% compounded annually, upon termination of employment with Bi-State Development, prior to being eligible for pension benefits.

(9) Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the net pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Changes in the discount rate and investment returns can have a significant effect on the funded status of the Plan. The Committee continues to monitor these changes and the potential impact on the future pension plan funding requirements and related expenses.

(10) Subsequent events

Management has evaluated subsequent events through September 6, 2016, which is the date that the financial statements were available to be issued and noted the following item for disclosure:

In August of 2016, the Committee passed a resolution, effective December 31, 2016, to change the Plan's asset custodian to U.S. Bank, N.A.

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN FOR SALARIED EMPLOYEES OF THE BI-STATE DEVELOPMENT AGENCY OF MISSOURI-ILLINOIS METROPOLITAN DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended May 31, 2016

	Years Ended May 31,									
(in '000's)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	$ 1,710	$ 1,558	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	5,712	5,687	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(604)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	4,143	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(4,275)	(6,012)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	6,686	1,233	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning of year	78,448	77,215	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, end of year	$ 85,134	$ 78,448	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	$ 2,752	$ 3,501	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Participant contributions	555	529	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income (loss)	(2,040)	2,605	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(4,275)	(6,012)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(168)	(66)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	(3,176)	557	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total fiduciary net position, beginning of year	58,031	57,474	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total fiduciary net position, end of year	$ 54,855	$ 58,031	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability	$ 30,279	$ 20,417	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a % of total pension liability	64.43%	73.97%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	21,826	21,841	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	138.73%	93.48%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors’ Report and Notes to Required Supplementary Information.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended May 31, 2016

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Contribution as a % of Covered Payroll
2007	$ 1,711,386	$ 1,711,386	$ -	$ 25,601,698	6.68%
2008	1,731,125	1,731,125	-	25,417,682	6.81%
2009	2,234,053	2,234,053	-	25,645,092	8.71%
2010	2,803,934	2,803,934	-	25,465,982	11.01%
2011	1,924,940	1,924,940	-	25,286,621	7.61%
2012	3,129,976	3,129,976	-	26,578,943	11.78%
2013	4,370,010	4,370,010	-	26,309,983	16.61%
2014	4,998,198	4,998,198	-	27,621,000	18.10%
2015	3,500,784	3,500,784	-	21,841,333	16.03%
2016	2,752,597	2,752,597	-	21,825,710	12.61%

* Covered payroll is as of June 1 one year prior to the fiscal year end.

See Independent Auditors' Report and Notes to Required Supplementary Information.

PENSION PLAN FOR SALARIED EMPLOYEES OF THE BI-STATE DEVELOPMENT AGENCY OF MISSOURI-ILLINOIS METROPOLITAN DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

Plan Year Ending May 31,	Net Money-Weighted Rate of Return
2007	N/A
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	N/A
2015	4.65%
2016	-3.57%

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This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report and Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) Actuarial methods and significant assumptions

The following actuarial methods and assumptions were used in the June 1, 2015 funding valuation. Please see the valuation report dated November 2, 2015 for further information.

Valuation timing	Actuarially determined contribution rates are calculated as of the June 1 one year prior to the end of the fiscal year in which the contributions are reported
Actuarial cost method	Service Pro-Rate Unit Credit
Amortization method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 6/1/2015	25 years
Asset valuation method	
Smoothing period	5 years
Corridor	80%-120%
Inflation	2.50%
Salary increases	4.50%
Mortality	Healthy Lives: RP-2014 Mortality for Employees, with White Collar adjustment, and Healthy Annuitants, with White Collar adjustment, male and female rates, with projection five years from the valuation date using Scale BB; Disabled Lives: RP-2014 Disabled Mortality, male and female rates
Investment rate of return	7.50%
Cost of living adjustments	none

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN

Financial Statements and
Required Supplementary Information

Year Ended
March 31, 2016

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN

Year Ended March 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Pension Committee of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Local No. 2 and Local No. 309 of the International Brotherhood of Electrical Workers Employees' Pension Plan:

We have audited the accompanying financial statements of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Local No. 2 and Local No. 309 of the International Brotherhood of Electrical Workers Employees' Pension Plan (the Plan), which comprise the statement of fiduciary net position as of March 31, 2016 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of March 31, 2016, and the changes in fiduciary net position for the year then ended, in accordance with U.S. GAAP.

Other Matters

Required Supplementary Information

U.S. GAAP requires that the management's discussion and analysis (MD&A) on pages 3-7 and the required supplementary information (the schedules of changes in net pension liability and related ratios, employer contributions, and money-weighted rate of return) be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the U.S. Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mayer Hoffman McCann P.C.

St. Louis, Missouri
September 6, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) March 31, 2016

OVERVIEW

The management's discussion and analysis (MD&A) presented is for the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Local No. 2 and Local No. 309 of the International Brotherhood of Electrical Workers Employees' Pension Plan (the Plan). The MD&A is intended to serve as an introduction to the Plan's financial statements which consists of (1) Financial Statements, (2) Notes to the Financial Statements and (3) Required Supplementary Information. The MD&A provides an overview for the fiscal year ended March 31, 2016 with limited information provided on the previous years.

HISTORY

The Plan is a defined benefit plan that began on January 1, 1976. The Plan provides for pension and disability benefits for any participant who satisfies the age and service requirements pursuant to the Memorandums of Agreement between the Bi-State Development Agency of the Missouri–Illinois Metropolitan District (Bi-State Development) and the International Brotherhood of Electrical Workers (the Union). The Plan is that of a governmental unit and, therefore, is not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

In order to qualify for a normal retirement benefit, an employee can be of any age with 25 years of credited service or age 60 with at least 10 years of credited service.

In order to qualify for a disability retirement benefit, an employee must have at least ten years of credited service.

In addition to pension benefits paid at retirement, the Plan also provides death benefits under certain circumstances that would be paid to either a retiree or his/her designated beneficiary(ies).

The Plan includes a provision for the payment of Supplemental Benefits, as defined by the Plan. This option allows a retiree to receive the dollar value of his/her unused sick leave as of the termination date. The retiree could choose to have their Supplemental Benefits paid as either a lump sum payment or a series of monthly payments for a designated length of time (3, 5, 10, 15, or 20 years).

Effective January 1, 2014, the Plan was frozen to new entrants.

ORGANIZATION

The Plan is similar to a Taft Hartley Plan. Therefore its Pension Committee is composed of an equal number of union and management members. The Pension Committee is responsible for establishing the investment policies, overseeing the activity of the investment manager, approving applications for pension benefits, and safeguarding the Plan's assets. The Pension Committee also has the authority to amend the Plan.

The Pension Committee is comprised of eight members. By Bi-State Development's Board Policy, the Vice President of Human Resources is a standing member. The other three members of management are selected by the Chief Executive Officer and the Vice President of Human Resources.

FINANCIAL STATEMENTS

As described above, there is one year of data presented. The Plan follows Governmental Accounting Standards Board No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No.* 25 (GASB 67). The Statement of Fiduciary Net Position includes information about assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position, as applicable, as of the end of a pension plan's reporting period. The Statement of Changes in Fiduciary Net Position summarizes the additions to, deductions from, and net increase in fiduciary net position for a pension plan's reporting period. The difference between assets and liabilities is one measure of a pension plan's financial position and the change in this measure over time is an indication of whether the Plan's financial health is improving or deteriorating.

The Notes to the Financial Statements and Required Supplementary Information provide additional information that is essential to a full understanding of the data provided in the Financial Statements.

Per GASB 67, the Plan is required to provide the following supplementary information for ten years:

1. Schedule of Changes in Net Pension Liability and Related Ratios
2. Schedule of Employer Contributions
3. Schedule of Money-Weighted Rate of Return

However, the Plan is permitted to disclose as many years as are available (2 years) of data and build on to the information in each subsequent period until ten full years are presented.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
March 31, 2016

CONDENSED FINANCIAL INFORMATION

(In thousands)

	As of and for the Year Ended March 31, 2016
Assets	$ 3,841
Liabilities	9
Net Position	$ 3,832
Contributions	
Employer	$ 319
Participant	103
Investment Loss, net	(53)
Benefits Paid to Participants	(128)
Administrative Expenses	(49)
Net Increase	$ 192

FINANCIAL HIGHLIGHTS

<u>Pension Plan</u>

The Plan's fiduciary net position increased by $599 thousand in 2015 and increased by $192 thousand in 2016. The fiduciary net position totaled $3.8 million at March 31, 2016. The net increases in 2015 and 2016 are driven primarily from employee and employer contributions, net of investment loss.

Liabilities totaled $8.8 thousand and $10.6 thousand as of March 31, 2016 and 2015, respectively. These liabilities are driven by the timing of payment of certain plan expenses.

The Plan received participant contributions in the amounts of $103 thousand and $108 thousand for the years ended March 31, 2016 and 2015, respectively. The participant and employer contributions are determined by the Plan's actuary. The Plan received employer contributions from Bi-State Development in the amounts of $319 thousand and $405 thousand for the years ended March 31, 2016 and 2015, respectively.

The Plan paid $128 thousand and $89 thousand in benefits for the years ended March 31, 2016 and 2015, respectively.

Bi-State Development

As of June 30, 2015, Bi-State Development had assets in excess of $1.45 billion and net assets of $561.1 million. Operating revenues for the twelve months ended June 30, 2015 were $70.2 million and operating expenses were $328.0 million. The main operating expenses were wages and benefits ($165 million), depreciation and amortization ($72 million), and materials and supplies ($40 million). This created an operating loss of $257.8 million. Non-operating revenues, net were $257.5 million and were primarily comprised of grants and assistance. The Change in Net Position was $(.30) million for the year ended June 30, 2015. Comprehensive Annual Financial Report (CAFR) information for the current and prior years can be found at www.bistatedev.org or by contacting the Finance Division, Bi-State Development Agency, One Metropolitan Square, 211 North Broadway, Suite 700, Mail Stop 154, St. Louis, MO 63102. The telephone number to the Finance Division is 314-982-1547. The email address is Finance@BiStateDev.org.

CONDENSED CAFR DATA FOR BI-STATE DEVELOPMENT

(In millions)

	As of and for the Year Ended June 30, 2015
Assets	$ 1,452
Liabilities	891
Net Postion	$ 561
Operating Revenue	$ 70
Operating Expenses	328
Operating Loss	(258)
Non-Operating Revenue, net	258
Change in Net Position	$ -

CONTACT

The financial section is designed to provide users with a general overview of the Plan's financial activity. If you have questions about this report or need additional financial information regarding the Plan, contact the Bi-State Development Pension Department, One Metropolitan Square, 211 North Broadway, Suite 700, Mail Stop 125, St. Louis, MO 63102.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN
STATEMENT OF FIDUCIARY NET POSITION
March 31, 2016

ASSETS:		
Receivables:		
Employer contributions	$	8,431
Participant contributions		3,022
		11,453
Investments:		
Cash and cash equivalents		53,518
Investments		3,775,668
		3,829,186
TOTAL ASSETS		3,840,639
LIABILITIES:		
Accrued expenses		8,754
TOTAL LIABILITIES		8,754
NET POSITION RESTRICTED FOR PENSION BENEFITS	**$**	**3,831,885**

See notes to the financial statements.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended March 31, 2016

ADDITIONS:	
Contributions:	
Employer	$ 319,220
Participant	102,601
Total contributions	421,821
Investment income (loss):	
Net depreciation in fair value of investments	(127,259)
Interest and dividends	78,836
Total investment loss	(48,423)
Less investment expense	5,000
Net investment loss	(53,423)
Total additions	368,398
DEDUCTIONS:	
Benefits paid to participants	127,732
Administrative expenses	48,523
Total deductions	176,255
NET INCREASE IN NET POSITION	**192,143**
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	**3,639,742**
End of year	**$ 3,831,885**

See notes to the financial statements.

(1) Description of plan

The following description of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Local No. 2 and Local No. 309 of the International Brotherhood of Electrical Workers Employees' Pension Plan (the Plan) provides only general information. Participants should refer to the Plan Document or Summary Plan Description for a more complete description of the Plan's provisions, which are available from the plan administrator.

General - The Plan, which is a single-employer defined benefit contributory plan, became effective January 1, 1976. The Plan provides for pension and disability benefits for any participant who satisfies the age and service requirements pursuant to Memorandums of Agreement between the Bi-State Development Agency of the Missouri-Illinois Metropolitan District (Bi-State Development) and the International Brotherhood of Electrical Workers (the Union). Effective January 1, 2014, the Plan was frozen to new entrants. The Plan is that of a governmental unit and, therefore, not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

The Pension Committee of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Local No. 2 and Local No. 309 of the International Brotherhood of Electrical Workers Employees' Pension Plan (the Committee) serves as the Plan's trustee. The Committee is composed of an equal number of union and management members. The Committee is responsible for establishing the investment policies, overseeing the activity of the investment manager, approving applications for pension benefits, and safeguarding the Plan's assets. The Committee has the authority to amend the Plan.

The Committee is comprised of eight members. By Bi-State Development's Board Policy, the Vice President of Human Resources is a standing member. The other three members of management are selected by the Chief Executive Officer and the Vice President of Human Resources.

U.S. Bank, N.A. (U.S. Bank) serves as the Plan's asset custodian. Milliman, Inc. is the third party administrator of the Plan. Ellwood Associates serves as the Plan's investment advisor.

The Plan's membership consisted of:

	As of April 1, 2015
Active participants	58
Terminated vested participants	4
Participants receiving payments	8
Total participants	70

(1) Description of plan (continued)

Funding policy - The goal of the Plan's funding ratio and funding policy is to reach 100% funding by February 28, 2018. The additional contributions needed to meet the 100% funding target, which are actuarially determined, are funded 80% by Bi-State Development and 20% by active participants. Once the Plan reaches a funding level of 100%, participants will contribute 30% of the actuarially determined contributions or 4% of the top electrician's base wage rate, as defined by the Plan, whichever is less. Bi-State Development will contribute 70% of the actuarially determined contribution or 4% of covered payroll, whichever is greater.

Normal retirement benefits - In order to qualify for normal, unreduced retirement benefits, a participant must satisfy the following age and service requirements:

Age	Credited Service
Any age	25 years
60	10 years

Disability retirement - A participant with at least ten years of credited service who becomes disabled, as defined by the Plan, will be eligible for disability pension benefits. The monthly disability benefit will be equal to the amount of the normal retirement benefit as of the effective date of the participant's disability pension. Disability pension benefits will not be payable for any month in which a disability pensioner fails to comply with the medical and/or earnings limitation provision of the Plan.

Benefit formula - The maximum monthly benefit is $60 for each year of credited service.

Termination benefit - Participants who leave the service of Bi-State Development with less than ten years of credited service are entitled to a refund of their employee contributions.

Vested benefit - Participants who leave the service of Bi-State Development with at least ten years of credited service may elect to (i) accept a refund of their pension contributions or (ii) accept a vested pension.

If a vested pension is elected, benefit payments will be deferred to age 65 and will be based upon the participant's accrued credited service and the benefit formula which was in effect at the time the participant left service.

Death benefit - If a participant dies after earning ten years of credited service, the participant's designated beneficiary(ies) will receive benefits as if the participant retired the first day of the month of death. In such event, the beneficiary(ies) may elect any applicable payment option provided by the Plan.

(1) Description of plan (continued)

Ten year certain option - In the event of the participant's death within the period of ten years after the commencement of benefits, the same benefits shall be payable for the remainder of such ten year period to a beneficiary designated by the participant or upon death of designated beneficiary, then the participant's estate. The participant's monthly pension benefit will be reduced $46 if the participant elects this option.

Contingent annuitant options - Under these options, a reduced monthly benefit is available to the participant for life and either 50% or 100% of such reduced monthly benefit to the participant's surviving spouse for the spouse's lifetime if the participant predeceases the spouse. The monthly benefit reduction will be actuarially determined based upon the participant's and spouse's ages at the time of retirement.

Supplemental pension benefits - Upon retirement, a participant is entitled to receive a supplemental pension benefit for the participant's accumulated sick leave. The participant may elect a lump sum or monthly payments over 3, 5, 10, 15 or 20 years.

(2) Summary of significant accounting policies

Basis of presentation - The accompanying financial statements are presented in accordance with accounting principles established by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to state and local governmental units. The accompanying financial statements include solely the accounts of the Plan, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the benefits required under the terms of the governing Plan Document and amendments thereto.

Basis of accounting - The financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, contributions are recognized in the period in which the employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Use of estimates - The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents consist of demand deposits held in banks, overnight repurchase agreements with original maturities of three months or less, and money market funds.

Employer and participant contributions receivable - Contributions receivable represent contributions due to the Plan for hours worked prior to the end of the Plan year.

(2) Summary of significant accounting policies (continued)

Investment valuation and income recognition - Investments are reported at fair value, which is the closing price reported in the active market as of the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits – Benefits are recorded when paid.

New accounting pronouncement - GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72)- This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The Plan's management is currently evaluating the impact of GASB 72.

Administrative expenses - Certain expenses of the Plan are paid by Bi-State Development and are not included in the statement of changes in fiduciary net position. Investment related expenses are included in net depreciation in fair value of investments.

(3) Investments

The following schedule presents the aggregate market value for the Plan's investments as of March 31:

	2016	
Money Market:		
First American Prime Obligation	$ 53,518	
Registered Investment Companies:		
Vanguard Index Trust 500	1,570,123	*
Dodge & Cox Income Fund	1,297,119	*
Harbor International Fund #11	550,375	*
Natixis Vaughan Nelson Value Opp Y	191,154	
Artisan Small Cap Fund	166,810	
Pimco Total Return	87	
Total Registered Investment Companies	3,775,668	
Total Investments	**$ 3,829,186**	

* Represents a concentration risk, as investment exceeds 5% of Plan's investments and Plan's fiduciary net position.

(3) Investments (continued)

Custodial credit risk is when, in the event a financial institution or counterparty fails, the Plan would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. All investments are held in the Plan's name and are not subject to creditors of the custodial financial institution. The Plan maintains its investments at one commercial trust company in St. Louis, Missouri.

Currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investments during the period under audit were all in U.S. dollars.

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations.

The Plan's assets as of March 31, 2016 subject to credit risk are shown with their respective credit ratings below:

Dodge & Cox Income Fund	A	$1,297,119	96%
First American Prime Obligation	AAA	53,518	4%
		$1,350,637	100%

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan does not have a direct investment in bonds.

The Plan's investment policy is based upon an asset allocation that considers the current and expected condition of the Plan, the expected long-term capital market outlook and the Plan's risk tolerance.

For the year ended March 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was (1.42) percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period.

(4) Tax status

The Internal Revenue Service has determined and informed the Committee by letter dated June 8, 2012, that the Plan and the related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Committee believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

(5) Funding policy

Bi-State Development is required to contribute a specified amount for each week in which credited service accrues to each participant as provided in the Plan. Contribution rates are determined by an actuary. As a condition of participation, employees are required to contribute a specified amount to the Plan for each week such employee accrues credited service. Bi-State Development deducts such contributions from the pay of the employee. The following is a table of the weekly contribution levels for the Plan.

Period	Participant	Employer
April 1, 2015 to March 31, 2016	34.34	95.80

Bi-State Development also funds supplemental pension benefits for participants' unused sick leave as they are paid by the Plan. These contributions are not included in the required weekly minimums above.

(6) Net pension liability

The following presents the components of net pension liability at March 31, 2016:

Total pension liability	$ 4,298,335
Plan fiduciary net position	3,831,885
Net pension liability	$ 466,450
Plan fiduciary net position as a % of total pension liability	89.2%
Covered payroll	$ 3,407,500
Net pension liability as a % of covered payroll	13.7%

The total pension liability was determined by an actuarial valuation as of the valuation date (April 1, 2015) calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year-end. Any significant changes during this period must be reflected as prescribed by GASB 67.

(6) Net pension liability (continued)

The following significant assumptions were used for the April 1, 2015 actuarial valuation:

Valuation date	April 1, 2015
Measurement date	March 31, 2016
Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Inflation	2.50%
Salary increases including inflation	3.50%
Mortality	Healthy Lives: RP-2014 Mortality for Employees, with Blue Collar adjustment, and Healthy Annuitants, with Blue Collar adjustment, male and female rates, with projection five years from the valuation date using Scale BB; Disabled Lives: RP-2014 Disabled Mortality, male and female rates
Actuarial cost method	Entry Age Normal (level percent of pay)

(6) Net pension liability (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are from the Plan's investment advisors as of May 9, 2016.

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
Core fixed income	35.00%	0.90%
Large cap U.S. equities	40.00%	5.30%
Mid cap U.S. equities	5.00%	6.30%
Small cap U.S. equities	5.00%	6.30%
Developed foreign equities	15.00%	5.30%
Assumed inflation- mean		2.50%
Long-term expected rate of return		7.00%

* As outlined in the Plan's investment policy dated May 2015

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) and 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total pension liability	$ 4,849,491	$ 4,298,335	$ 3,832,774
Fiduciary net position	3,831,885	3,831,885	3,831,885
Net pension liability	1,017,606	466,450	889

(7) Plan termination

In the event the Plan is terminated in the future, the Plan's administrator shall determine the assets of the Plan and shall allocate them pursuant to the priority described below and certified by the actuary employed by it based on such actuary's valuation made as of the date of such termination.

The allocation shall be made in the following order:

(i) An amount shall be allocated to each participant equal to the participant's contributions to the Plan as of the date of termination less any benefits received under the Plan.

(ii) From the remaining balance an amount shall be allocated to retired participants and to participants eligible for normal retirement or disability retirement at the date of termination, sufficient to provide for the amount of their allowances not already provided under (i).

(iii) The remaining balance shall be allocated to the participants in proportion to the excess of the actuarial values of their accrued benefits under the Plan over the amounts allocated under (i).

Should there be insufficient funds to provide the amounts under either (i) or (ii) above, all allocations within the group affected will be reduced by the same proportion.

Upon termination, the Plan's administrator shall liquidate the Plan and the amounts allocated, as prescribed above, shall be apportioned to all such participants in cash, or in the form of insured paid-up annuities, or by transfer to another Plan, or otherwise, as the Plan administrator may determine.

(8) Commitments and contingencies

Certain participants in the Plan are entitled to refunds of their accumulated contributions plus interest thereon, calculated at a rate of 3% compounded annually, upon termination of employment with Bi-State Development, prior to being eligible for pension benefits.

(9) Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the net pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject

(9) Risks and uncertainties (continued)

to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Changes in the discount rate and investment returns can have a significant effect on the funded status of the Plan. The Committee continues to monitor these changes and the potential impact on the future pension plan funding requirements and related expenses.

(10) Subsequent events

Management has evaluated subsequent events through September 6, 2016, which is the date that the financial statements were available for issuance. No significant matters were identified for disclosure during this evaluation.

REQUIRED SUPPLEMENTARY INFORMATION

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(in '000's)	Years Ended March 31, 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	$ 177	$ 166	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	285	255	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	110	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	121	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(128)	(90)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	565	331	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning of year	3,733	3,402	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, end of year	$ 4,298	$ 3,733	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	$ 319	$ 405	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Participant contributions	103	108	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income (loss)	(53)	194	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(128)	(90)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(49)	(19)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	192	598	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total fiduciary net position, beginning of year	3,640	3,042	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total fiduciary net position, end of year	$ 3,832	$ 3,640	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability	$ 466	$ 93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a % of total pension liability	89.16%	97.51%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	3,408	3,362	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	13.67%	2.77%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors’ Report and Notes to Required Supplementary Information.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended March 31, 2016

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Contribution as a % of Covered Payroll
2007	$ 110,149	$ 110,149	$ -	$ 2,081,142	5.29%
2008	191,261	191,261	-	2,512,973	7.61%
2009	125,842	125,842	-	2,804,130	4.49%
2010	122,475	122,475	-	2,939,269	4.17%
2011	134,227	134,227	-	2,887,747	4.65%
2012	145,805	145,805	-	3,035,219	4.80%
2013	156,695	156,695	-	3,125,678	5.01%
2014	223,739	223,739	-	3,168,194	7.06%
2015	405,484	405,484	-	3,362,133	12.06%
2016	319,220	319,220	-	3,407,500	9.37%

* Covered payroll is as of April 1 one year prior to the fiscal year end.

See Independent Auditors' Report and Notes to Required Supplementary Information.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND LOCAL NO. 2 AND LOCAL NO. 309 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

Plan Year Ending March 31,	Net Money-Weighted Rate of Return (Loss)
2007	N/A
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	N/A
2015	5.56%
2016	-1.42%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report and Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) Actuarial methods and significant assumptions

The following actuarial methods and assumptions were used in the April 1, 2015 funding valuation. Please see the valuation report dated November 2, 2015 for further information.

Valuation timing	Actuarially determined contribution rates are calculated as of the April 1 one year prior to the end of the fiscal year in which the contributions are reported
Actuarial cost method	Entry Age Normal (level dollar)
Amortization method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 4/1/2015	20 years
Asset valuation method	
Smoothing period	5 years
Corridor	80%-120%
Inflation	2.50%
Salary increases	N/A
Mortality	Healthy Lives: RP-2014 Mortality for Employees, with Blue Collar adjustment, and Healthy Annuitants, with Blue Collar adjustment, male and female rates, with projection five years from the valuation date using Scale BB; Disabled Lives: RP-2014 Disabled Mortality, male and female rates
Investment rate of return	7.25%
Cost of living adjustments	none

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND DIVISION 788 AMALGAMATED TRANSIT UNION, AFL-CIO, EMPLOYEES' PENSION PLAN

Financial Statements and
Required Supplementary Information

Year Ended
March 31, 2016

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND DIVISION 788 AMALGAMATED TRANSIT UNION, AFL-CIO, EMPLOYEES' PENSION PLAN

Year Ended March 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Pension Committee of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Division 788 Amalgamated Transit Union, AFL-CIO, Employees' Pension Plan:

We have audited the accompanying financial statements of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Division 788 Amalgamated Transit Union, AFL-CIO, Employees' Pension Plan (the Plan), which comprise the statement of fiduciary net position as of March 31, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 (U.S. GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of March 31, 2016, and the changes in fiduciary net position for the year then ended, in accordance with U.S. GAAP.

Other Matters

Required Supplementary Information

U.S. GAAP requires that the management's discussion and analysis (MD&A) on pages 3-7 and the required supplementary information (the schedules of changes in net pension liability and related ratios, employer contributions, and money-weighted rate of return) be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the U.S. Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mayer Hoffman McCann P.C.

St. Louis, Missouri
September 6, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The management's discussion and analysis (MD&A) presented is for the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Division 788 Amalgamated Transit Union, AFL-CIO, Employees' Pension Plan (the Plan). The MD&A is intended to serve as an introduction to the Plan's financial statements which consists of (1) Financial Statements, (2) Notes to the Financial Statements and (3) Required Supplementary Information. The MD&A provides an overview for the fiscal year ended March 31, 2016 with limited information provided on the previous years.

HISTORY

The Plan is a defined benefit plan that began on January 1, 1976. The Plan provides for pension and disability benefits for any participant who satisfies the age and service requirements pursuant to the Memorandums of Agreement between the Bi-State Development Agency of the Missouri–Illinois Metropolitan District (Bi-State Development) and the Local 788 Amalgamated Transit Union, AFL-CIO (the Union). The Plan is that of a governmental unit and, therefore, is not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

In order to qualify for a normal retirement benefit, an employee can be of any age with 25 years of credited service, can be age 55 with more than 20 years but less than 25 years of credited service, or age 65.

To qualify for early retirement benefits, an employee must attain age 55 with at least 15 years of service.

Qualifications for disability retirement benefits require an employee to have at least ten years of credited service as of the date of the disability.

In addition to pension benefits paid at retirement, the Plan also provides death benefits under certain circumstances that would be paid to a retiree's designated beneficiary(ies).

The Plan includes a provision for the payment of Supplemental Benefits, as defined by the Plan. This option allows a retiree to receive the dollar value of his/her unused sick leave as of the termination date. The retiree could choose to have his/her Supplemental Benefits paid as either a lump sum payment or a series of monthly payments for a designated length of time (3, 5, 7, 10, 15 or 20 years).

Effective April 1, 2015, the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Division 788, Clerical Unit, Amalgamated Transit Union AFL-CIO, Employees Pension Plan (the Clerical Plan) merged with the Plan. As such, the net assets of the Clerical Plan transferred into the merged plan on April 30, 2015. In addition, the plan document was restated to reflect the merger and all previous amendments. In general, the provisions of the Clerical Plan for participants as of March 31, 2015 were carried over (grandfathered) into the provisions of the plan document of the Plan. Clerical employees hired after March 31, 2015, have the same benefits as existing participants of the Plan.

ORGANIZATION

The Plan is similar to a Taft Hartley Plan. Therefore, its Pension Committee is composed of an equal number of union and management members. The Pension Committee is responsible for establishing the investment policies, overseeing the activity of the investment manager, approving applications for pension benefits, and safeguarding the Plan's assets. The Pension Committee also has the authority to amend the Plan.

The Pension Committee is comprised of six members. By Bi-State Development's Board Policy, the Vice President of Human Resources is a standing member. The other two members of management are selected by the Chief Executive Officer and the Vice President of Human Resources.

FINANCIAL STATEMENTS

As described above, there is one year of data presented. The Plan follows Governmental Accounting Standards Board No. 67, *Financial Reporting for Pension Plans- An Amendment of GASB Statement No. 25* (GASB 67). The Statement of Fiduciary Net Position includes information about assets, deferred outflows of resources, liabilities, deferred inflows or resources and fiduciary net position, as applicable, as of the end of a pension plan's reporting period. The Statement of Changes in Fiduciary Net Position summarizes the additions to, deductions from, and net increase in fiduciary net position for a pension plan's reporting period. The difference between assets and liabilities is one measure of a pension plan's financial position and the change in this measure over time is an indication of whether the Plan's financial health is improving or deteriorating.

The Notes to the Financial Statements and Required Supplementary Information provide additional information that is essential to a full understanding of the data provided in the Financial Statements.

Per GASB 67, the Plan is required to provide the following supplementary information for ten years:

1. Schedule of Changes in Net Pension Liability and Related Ratios
2. Schedule of Employer Contributions
3. Schedule of Money-Weighted Rate of Return

However, the Plan is permitted to disclose as many years as are available (2 years) of data and build on to the information in each subsequent period until ten full years are presented.

CONDENSED FINANCIAL INFORMATION

(In thousands)

	As of and for the Year Ended March 31, 2016
Assets	$ 116,235
Liabilities	132
Net Position	$ 116,103
Contributions	
Employer	$ 9,343
Participant	3,684
Investment Loss, net	(4,172)
Benefits Paid to Participants	(15,315)
Administrative Expenses	(463)
Asset transfer	5,826
Net Decrease	$ (1,097)

FINANCIAL HIGHLIGHTS

Pension Plan

The Plan's net position decreased by $1.1 million in 2016 and increased by $4.4 million in 2015. Net plan position totaled $116.1 million at March 31, 2016. The net decrease from fiscal 2015 to 2016 is primarily due to weaker market conditions offset by the asset transfer for the plan merger.

Liabilities totaled $132 thousand and $32 thousand as of March 31, 2016 and 2015, respectively. These liabilities are driven by the timing of payment of certain plan expenses. Additional costs were incurred in fiscal 2016, as a result of the plan merger.

The Plan received participant contributions in the amounts of $3.7 million and $3.5 million for the years ended March 31, 2016 and 2015, respectively. The participant and employer contributions are determined by the Plan's actuary. The Plan received employer contributions from Bi-State Development in the amounts of $9.3 million and $8.7 million for the years ended March 31, 2016 and 2015, respectively.

The Plan paid $15.3 and $14.4 million in benefits for the years ended March 31, 2016 and 2015, respectively.

Bi-State Development
As of June 30, 2015, Bi-State Development had assets in excess of $1.45 billion and net assets of $561.1 million. Operating revenues for the twelve months ended June 30, 2015 were $70.2 million and operating expenses were $328.0 million. The main operating expenses were wages and benefits ($165 million), depreciation and amortization ($72 million), and materials and supplies ($40 million). This created an operating loss of $257.8 million. Non-operating revenues, net were $257.5 million and were primarily comprised of grants and assistance. The Change in Net Position was $(.30) million for the year ended June 30, 2015. Comprehensive Annual Financial Report (CAFR) information for the current and prior years can be found at www.bistatedev.org or by contacting the Finance Division, Bi-State Development Agency, One Metropolitan Square, 211 North Broadway, Suite 700, Mail Stop 154, St. Louis, MO 63102. The telephone number to the Finance Division is 314-982-1547. The email address is Finance@BiStateDev.org.

CONDENSED CAFR DATA FOR BI-STATE DEVELOPMENT:
(In millions)

	As of and for the Year Ended June 30, 2015
Assets	$ 1,452
Liabilities	891
Net Position	$ 561
Operating Revenue	$ 70
Operating Expenses	328
Operating Loss	(258)
Non-Operating Revenue, net	258
Change in Net Position	$ -

CONTACT

The financial section is designed to provide users with a general overview of the Plan's financial activity. If you have questions about this report or need additional financial information regarding the Plan, contact the Bi-State Development Pension Department, One Metropolitan Square, 211 North Broadway, Suite 700, Mail Stop 125, St. Louis, MO 63102.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND DIVISION 788 AMALGAMATED TRANSIT UNION, AFL-CIO, EMPLOYEES' PENSION PLAN

STATEMENT OF FIDUCIARY NET POSTION

March 31, 2016

ASSETS:		
Receivables:		
Employer Contributions	$	266,699
Participant Contributions		114,821
Accrued income		15,192
		396,712
Investments:		
Cash and cash equivalents		3,591,839
Investments		112,246,748
		115,838,587
TOTAL ASSETS		116,235,299
LIABILITIES:		
Accrued expenses		132,122
TOTAL LIABILITIES		132,122
NET POSITION RESTRICTED FOR PENSION BENEFITS	**$**	**116,103,177**

See notes to the financial statements.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND DIVISION 788 AMALGAMATED TRANSIT UNION, AFL-CIO, EMPLOYEES' PENSION PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended March 31, 2016

ADDITIONS:	
Contributions:	
Employer	$ 9,342,714
Participant	3,684,213
Total contributions	13,026,927
Investment income (loss):	
Net depreciation in fair value of investments	(5,565,193)
Interest and dividends	1,548,475
Total investment loss	(4,016,718)
Less: investment expense	(155,467)
Net investment loss	(4,172,185)
Total additions	8,854,742
DEDUCTIONS:	
Benefits paid to participants	15,315,308
Administrative expenses	463,271
Total deductions	15,778,579
NET DECREASE IN NET POSITION BEFORE NET ASSET TRANSFER	**(6,923,837)**
Net asset transfer (Clerical)	5,826,388
NET DECREASE IN NET POSITION	(1,097,449)
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	**117,200,626**
End of year	**$ 116,103,177**

See notes to the financial statements.

(1) Description of plan

The following description of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Division 788 Amalgamated Transit Union, AFL-CIO, Employees' Pension Plan (the Plan) provides only general information. Participants should refer to the Plan Document or Summary Plan Description for a more complete description of the Plan's provisions, which are available from the plan administrator.

General - The Plan, which is a single-employer defined benefit contributory plan, became effective January 1, 1976. The Plan provides for pension and disability benefits for any participant who satisfies the age and service requirements pursuant to Memorandums of Agreement between the Bi-State Development Agency of the Missouri-Illinois Metropolitan District (Bi-State Development) and the Local 788 Amalgamated Transit Union, AFL-CIO (the Union). The Plan is that of a governmental unit and, therefore, not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

The Pension Committee (the Committee) serves as the Plan Administrator and trustee. The Committee is composed of an equal number of union and management members. The Committee is responsible for establishing the investment policies, overseeing the activity of the investment manager, approving applications for pension benefits, and safeguarding of the Plan's assets. The Committee has the authority to amend the Plan.

The Committee is comprised of six members. By Bi-State Development's Board Policy, the Vice President of Human Resources is a standing member. The other two members of management are selected by the Chief Executive Officer and the Vice President of Human Resources.

Effective April 1, 2015, the Bi-State Development Agency of the Missouri-Illinois Metropolitan District and Division 788, Clerical Unit, Amalgamated Transit Union AFL-CIO, Employees Pension Plan (the Clerical Plan) merged with the Plan. A new custodial account was created for the merged plan, thus eliminating the Master Trust. As such, the net assets of $5,826,388 of the Clerical Plan were transferred on April 30, 2015 to the Plan. In addition, the plan document was restated to reflect the merger and all previous amendments. In general, the provisions of the Clerical Plan for participants as of March 31, 2015, carried over (grandfathered) into the provisions of the plan document of the Plan. Clerical employees hired after March 31, 2015, have the same benefits as existing participants of the Plan. The information below describing plan provisions generally does not apply to these grandfathered Clerical Plan participants.

U.S. Bank, N.A. (U.S. Bank) serves as the Plan's asset custodian. Milliman, Inc. is the third party administrator of the Plan. Ellwood Associates serves as the Plan's investment advisor.

(1) Description of plan (continued)

The Plan's membership consisted of:

	As of April 1, 2015
Active participants	1,332
Disabled participants	4
Terminated vested participants	46
Terminated nonvested due refund	161
Participants receiving payments	1,084
Total participants	2,627

Funding policy – Bi-State Development is required to contribute a specified amount for each week in which credited service accrues to each participant as provided in the Plan. Contribution rates are determined by an actuary. The Plan Document requires that Bi-State Development and the Union negotiate a special additional contribution if the Plan's funded ratio falls below 60%. In addition, as a condition of participation, employees are required to contribute a specified amount to the Plan for each week such employee accrues credited service.

Normal retirement benefits - In order to qualify for normal, unreduced retirement benefits, a participant must satisfy the following age and service requirements:

Age	Credited Service
Any age	25 years
55	20 years
65	No minimum requirement

Early retirement - A participant may retire upon attaining the age of 55 with at least 15 years of credited service subject to a benefit reduction of ¼% for each month by which retirement precedes the age of 65.

Disability retirement - A participant with at least ten years of credited service who becomes disabled, as defined by the Plan, will be eligible for disability pension benefits. The monthly disability benefit will be equal to the amount of the normal retirement benefit as of the effective date of the participant's disability pension. Disability pension benefits will not be payable for any month in which a disability pensioner fails to comply with the medical and/or earnings limitation provision of the Plan.

Benefit formula - The maximum monthly benefit is $55 for each year of credited service, applicable when the participant has completed 25 years of service.

(1) Description of plan (continued)

Termination benefit - Participants who leave the service of Bi-State Development with less than ten years of credited service are entitled to a refund of their employee contributions.

Vested benefit - Participants who leave the service of Bi-State Development with at least ten years of credited service may elect to (i) accept a refund of their pension contributions or (ii) accept a vested pension.

If a vested pension is elected, benefit payments will be deferred to age 65 and will be based upon the participant's accrued credited service and the benefit formula which was in effect at the time the participant left service.

Death benefit - If a participant dies after earning ten years of credited service, the participant's designated beneficiary(ies) will receive benefits as if the participant retired the first day of the month of death. In such event, the beneficiary(ies) may elect any applicable payment option provided by the Plan.

Ten year certain option - In the event of the participant's death within the period of ten years after the commencement of benefits, the same benefits shall be payable for the remainder of such ten year period to a beneficiary designated by the participant or upon death of designated beneficiary, then the participant's estate. The participant's monthly pension benefit will be reduced by ten percent if the participant elects this option.

Fifteen year certain option - In the event of the participant's death within the period of 15 years after the commencement of benefits, the same benefits shall be payable for the remainder of such 15 year period to a beneficiary designated by the participant or upon death of designated beneficiary, then the participant's estate. The participant's monthly pension benefit will be reduced by 17 percent if the participant elects this option.

Contingent annuitant options - Under these options, a reduced monthly benefit is available to the participant for life and either fifty percent (50%) or one hundred percent (100%) of such reduced monthly benefit to the participant's surviving spouse for the spouse's lifetime if the participant predeceases the spouse. The monthly benefit reduction will be actuarially determined based upon the participant's and spouse's ages at the time of retirement.

Supplemental pension benefits - Upon retirement, a participant is entitled to receive a supplemental pension benefit for the participant's accumulated sick leave. The participant may elect a lump sum or monthly payments over 3, 5, 7, 10, 15 or 20 years.

(2) Summary of significant accounting policies

Basis of presentation - The accompanying financial statements are presented in accordance with accounting principles established by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to state and local governmental units. The accompanying financial statements include solely the accounts of the Plan, which include all programs, activities and functions relating to the accumulation and investment of the net position and related income necessary to provide the benefits required under the terms of the governing Plan Document and amendments thereto.

Basis of accounting - The financial statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, contributions are recognized in the period in which the employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Use of estimates - The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents consist of demand deposits held in banks, overnight repurchase agreements with original maturities of three months or less, and money market funds.

Employer and participant contributions receivable - Contributions receivable represent contributions due to the Plan for hours worked prior to the end of the Plan year.

Investment valuation and income recognition - Investments are reported at fair value, which is the closing price reported in the active market as of the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When quoted market prices are not available, investments are based on independent appraisals and recent financial results, or if no established market, then they are reported at their estimated fair values.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits - Benefits are recorded when paid.

(2) Summary of significant accounting policies (continued)

New accounting pronouncement - GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72)- This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The Plan's management is currently evaluating the impact of GASB 72.

Administrative expenses - Certain expenses of the Plan are paid by Bi-State Development and are not included in the statement of changes in fiduciary net position. Investment related expenses are included in net depreciation in fair value of investments.

(3) Investments

The following schedule presents the aggregate market value for the Plan's investments as of March 31 :

	2016
Investments at fair value:	
Mutual funds - equity	$ 51,884,304
Domestic common stock	20,372,943
Mutual funds - fixed income	20,006,733
Other	19,092,425
Cash and cash equivalents	3,591,839
Foreign stock	890,343
Total investments	$ 115,838,587

The following presents investments that represent 5% or more of the Plan's net position, which represents a concentration risk at March 31:

	2016
Dodge & Cox Stock Fund	$ 13,523,569
Metropolitan West Tr Bond I	11,236,987
American Euro Pac Growth Fdcl	10,839,744
Harbor International Fund #11	10,196,707
Principal Real Estate Separate Account	9,122,300
Dodge & Cox Income Fund	8,769,746
Artisan Mid Cap Fd Instl	6,314,330
Natixis Vaughan Nelson Value Opp Y	6,019,704

(3) Investments (continued)

Custodial credit risk is when, in the event a financial institution or counterparty fails, the Plan would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. All investments are held in the Plan's name and are not subject to creditors of the custodial financial institution. The Plan maintains its investments at one commercial trust company in St. Louis, Missouri.

Currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investments during the period under audit were all in U.S. dollars.

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The Plan's assets as of March 31, 2016 subject to credit risk are shown with their respective credit ratings below:

Dodge & Cox Income Fund	A	$ 8,769,746	37%
Metropolitan West Tr Bond I	AAA	11,236,987	48%
First American Prime Obligation Fund	Aaa	3,591,839	15%
		$ 23,598,572	100%

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan does not have a direct investment in bonds.

The Plan's investment policy is based upon an asset allocation that considers the current and expected condition of the Plan, the expected long-term capital market outlook and the Plan's risk tolerance.

For the year ended March 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was (3.44) percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period.

(4) Tax status

The Internal Revenue Service has determined and informed the Committee by letter dated June 8, 2012, that the Plan and the related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the plan administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

(5) Funding policy

Bi-State Development is required to contribute a specified amount for each week in which credited service accrues to each participant as provided in the Plan. Contribution rates are determined by an actuary. As a condition of participation, employees are required to contribute a specified amount to the Plan for each week such employee accrues credited service. Bi-State Development deducts such contributions from the pay of the employee.

The weekly contribution rates for all participants, excluding Clerical Plan participants grandfathered as of March 31, 2015 are: Participant- $51.91 and Employer- $121.12. The weekly rates for grandfathered Clerical Plan participants are: Participant- $55.37 and Employer- $117.66.

Bi-State Development also funds supplemental pension benefits for participants' unused sick leave as they are paid by the Plan. These contributions are not included in the required weekly minimums above.

(6) Net pension liability

The following table presents the components of net pension liability at March 31, 2016:

Total pension liability	$ 197,470,940
Plan fiduciary net position	116,103,177
Net pension liability	$ 81,367,763
Plan fiduciary net position as a % of total pension liability	58.8%
Covered payroll	$ 60,491,135
Net pension liability as a % of covered payroll	134.5%

The total pension liability was determined by an actuarial valuation as of the valuation date (April 1, 2015) calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year-end. Any significant changes during this period must be reflected as prescribed by GASB 67.

(6) Net pension liability (continued)

The following significant assumptions were used for the April 1, 2015 actuarial valuation:

Valuation date	April 1, 2015
Measurement date	March 31, 2016
Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Inflation	2.50%
Salary increases including inflation	3.50%
Mortality	Healthy Lives: RP-2014 Mortality for Employees, with Blue Collar adjustment, and Healthy Annuitants, with Blue Collar adjustment, male and female rates, with projection five years from the valuation date using Scale BB; Disabled Lives: RP-2014 Disabled Mortality, male and female rates
Actuarial cost method	Entry Age Normal (level percent of pay)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are from the Plan's investment advisors as of July 6, 2016.

(6) Net pension liability (continued)

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	**
Intermediate-term fixed income	18.00%	0.90%
Large cap U.S. equities	30.00%	5.30%
Mid cap U.S. equities	10.00%	6.30%
Developed foreign equities	20.00%	5.30%
Emerging market equities	5.00%	6.50%
Hedge funds	10.00%	2.50%
Real estate (property)	5.00%	8.00%
Assumed inflation- mean		2.50%
Long-term expected rate of return		7.00%

* As outlined in the Plan's investment policy dated November 2015
** Expected to earn less than inflation

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) and 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total pension liability	$ 216,933,664	$ 197,470,940	$ 180,779,798
Fiduciary net position	116,103,177	116,103,177	116,103,177
Net pension liability	100,830,487	81,367,763	64,676,621

(7) Plan termination

In the event the Plan is terminated in the future, the Plan's administrator shall determine the assets of the Plan and shall allocate them pursuant to the priority described below and certified by the actuary employed by it based on such actuary's valuation made as of the date of such termination.

(7) Plan termination (continued)

The allocation shall be made in the following order:

(i) An amount shall be allocated to each participant equal to the participant's contributions to the Plan as of the date of termination less any benefits received under the Plan.

(ii) From the remaining balance an amount shall be allocated to retired participants and to participants eligible for normal retirement or disability retirement at the date of termination, sufficient to provide for the amount of their allowances not already provided under (i).

(iii) The remaining balance shall be allocated to the participants in proportion to the excess of the actuarial values of their accrued benefits under the Plan over the amounts allocated under (i).

Should there be insufficient funds to provide the amounts under either (i) or (ii) above, all allocations within the group affected will be reduced by the same proportion.

Upon termination, the Plan's administrator shall liquidate the Plan and the amounts allocated, as prescribed above, shall be apportioned to all such participants in cash, or in the form of insured paid-up annuities, or by transfer to another Plan, or otherwise, as the Plan administrator may determine.

(8) Commitments and contingencies

Certain participants in the Plan are entitled to refunds of their accumulated contributions plus interest thereon, calculated at a rate of 3% compounded annually, upon termination of employment with Bi-State Development, prior to being eligible for pension benefits.

(9) Risks and uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the net pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(9) Risks and uncertainties (continued)

Changes in the discount rate and investment returns can have a significant effect on the funded status of the Plan. The Committee continues to monitor these changes and the potential impact on the future pension plan funding requirements and related expenses.

(10) Subsequent events

Management has evaluated subsequent events through September 6, 2016, which is the date that the financial statements were available for issuance. No significant matters were identified for disclosure during this evaluation.

REQUIRED SUPPLEMENTARY INFORMATION

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND DIVISION 788 AMALGAMATED TRANSIT UNION, AFL-CIO, EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Years Ended March 31,									
(in '000's)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	$ 2,988	$ 2,713	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	13,428	12,681	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	135	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	4,557	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(15,315)	(14,368)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Merger of Clerical Plan (as of April 1, 2015)	11,390	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	17,183	1,026	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning of year	180,288	179,262	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, end of year	$ 197,471	$ 180,288	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	$ 9,342	$ 8,717	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Participant contributions	3,684	3,475	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income (loss)	(4,172)	6,784	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(15,315)	(14,368)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(463)	(203)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Merger of Clerical Plan (as of April 1, 2015)	5,826	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	(1,098)	4,405	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total fiduciary net position, beginning of year	117,201	112,796	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total fiduciary net position, end of year	$ 116,103	$ 117,201	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability	$ 81,368	$ 63,087	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a % of total pension liability	58.79%	65.01%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	60,491	54,978	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	134.51%	114.75%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report and Notes to Required Supplementary Information.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND DIVISION 788 AMALGAMATED TRANSIT UNION, AFL-CIO, EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS*
Year Ended March 31, 2016

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll**	Contribution as a % of Covered Payroll
2007	$ 4,910,856	$ 4,910,856	$ -	$ 50,510,772	9.72%
2008	4,901,782	4,901,782	-	51,126,144	9.59%
2009	5,070,471	5,070,471	-	56,083,197	9.04%
2010	5,177,053	5,177,053	-	54,114,142	9.57%
2011	5,635,545	5,635,545	-	52,817,482	10.67%
2012	7,307,095	7,307,095	-	55,815,240	13.09%
2013	8,157,204	8,157,204	-	55,728,088	14.64%
2014	9,249,791	9,249,791	-	56,093,710	16.49%
2015	9,199,407	9,199,407	-	56,541,825	16.27%
2016	9,342,714	9,342,714	-	60,491,135	15.44%

* Amounts include Clerical Plan
** Covered payroll is as of April 1 one year prior to the fiscal year end.

BI-STATE DEVELOPMENT AGENCY OF THE MISSOURI-ILLINOIS METROPOLITAN DISTRICT AND DIVISION 788 AMALGAMATED TRANSIT UNION, AFL-CIO, EMPLOYEES' PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

Plan Year Ending March 31,	Net Money-Weighted Rate of Return (Loss)
2007	N/A
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	N/A
2015	6.07%
2016	-3.44%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report and Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) Actuarial methods and significant assumptions

The following actuarial methods and assumptions were used in the April 1, 2015 funding valuation. Please see the valuation report dated November 3, 2015 for further information.

Valuation timing	Actuarially determined contribution rates are calculated as of the April 1 one year prior to the end of the fiscal year in which the contributions are reported
Actuarial cost method	Entry Age Normal (level dollar)
Amortization method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at 4/1/2015	18 years
Asset valuation method	
Smoothing period	5 years
Corridor	80%-120%
Inflation	2.50%
Salary increases	N/A
Mortality	Healthy Lives: RP-2014 Mortality for Employees, with Blue Collar adjustment, and Healthy Annuitants, with Blue Collar adjustment, male and female rates, with projection five years from the valuation date using Scale BB; Disabled Lives: RP-2014 Disabled Mortality, male and female rates
Investment rate of return	7.25%
Cost of living adjustments	none

Bi-State Development
Open Session Agenda Item
Audit Committee
October 21, 2016

From:	Charles Stewart, Vice President of Pension and Insurance
Subject:	**Express Scripts Contract Extension and Funding Request**
Disposition:	Approval
Presentation:	David Toben, Director of Benefits

Objective:
To present to the Audit Committee for discussion and referral to the Board of Commissioners a request for authorization to extend and fund our contract with Express Scripts for pharmacy benefit management services for one additional year.

Board Policy:
Board Policy Chapter 50.010, Section E.1.a, requires the Board of Commissioners to approve all Competitive Negotiation Procurements which exceed $500,000.

Funding Source:
Funding is provided through Bi-State Development **(BSD)** Operating Budget.

Background:
BSD is a member of the St. Louis Area Business Health Coalition (**BHC**) and participates in a purchasing cooperative for pharmacy benefit management services with approximately 30 other employers from the metropolitan region.

The BHC engaged the Lockton Companies Excelsior Solutions group in November of 2013, to conduct a request for proposal **(RFP**) process including designing all bidding requirements. The RFP was released to nine (9) vendors on March 21, 2014. Eight (8) responses were received. Results were presented in June of 2014, and through extensive review and negotiations between two finalists, the BHC entered into a contract with Express Scripts effective October 1, 2014, for a three-year period. Original BSD board approval occurred in November 2014. We are now entering year three of the current contract which will end September 30, 2017.

Analysis:
The BHC/Express Scripts contract includes a provision for annual market checks to ensure continuing pricing competitiveness. That new pricing goes into effect annually on October 1 for the following plan year. The annual market check for contract year three just concluded and BSD anticipates a 7.04% savings in plan costs representing negotiated improvements in discounts, rebates and a reduction in processing fees which will help mitigate prescription drug trend and cost inflation in 2017. To gain a more competitive edge beyond current market conditions, Express Scripts has enhanced their annual market check pricing improvements for BHC participating employers willing to extend the current contract to a fourth year beginning October 1, 2017. For BSD, the improved savings in plan costs is anticipated to be 10% or 3.04% higher if we extend the contract to a fourth year (2018). Due to these very favorable terms, the BHC has elected to extend

their master contract agreement for the period of October 1, 2017, through September 30, 2018, and will not be going through another RFP process until early 2018.

BSD sponsors one self-funded pharmacy benefit plan for its active employees and early retirees. The current contracts approved funding of $22,000,000 is detailed as follows:

	Gross Cost	Net Cost After Rebates & Subsidies
2015	$6,763,749	$5,711,731
2016	$7,304,849	$6,168,670
2017	$7,889,237	$6,662,163
Total	**$21,957,835**	**$18,542,564**

Through the agreement with Express Scripts, the plan receives drug manufacturer rebates based upon the drugs being utilized by our plan membership. The plan receives quarterly drug manufacturer rebate payments which are applied against the plans gross cost outlay.

The BSD Benefits Department team worked with its health and welfare consulting firm to project 2018 gross pharmacy plan costs of $7,438,265 and net costs after rebates of $6,840,946. Based on Express Scripts enhanced pricing offer, management is recommending the one year contract extension for 2018 and requesting approved funding of $6,900,000.

Committee Action Requested:
Management recommends that the Audit Committee accept and refer to the Board of Commissioners for approval this request to extend the Express Scripts contract for one additional year at an estimated total cost of **$6,900,000.00.**

Bi-State Development
Agenda Item
Audit Committee Meeting
October 21, 2016

From:	James J. Cali, CPA Director of Internal Audit
Subject:	**Treasury-Safekeeping Quarterly Accounts Audit–Ending June 30, 2016** Briefing Paper No. 17-02
Disposition:	Information
Presentation:	James J. Cali, Director of Internal Audit

Objective

To provide the Audit Committee with the results of the Treasury - Safekeeping Quarterly Accounts Audit, ending June 30, 2016.

Board Policy

Board Policy, Chapter 30 Audit, Finance and Budget Section 30.040 Banking and Investment E.1. states:

> "Securities purchased are delivered against payment and held in a custodian safekeeping account. Tri-party custodian agreements maintained with third party trust companies as well as the Federal Reserve Bank are acceptable. Hold-In-Custody repurchase agreements for fourteen days or less will be processed through special transaction accounts. These accounts will be audited quarterly by Internal Audit and the results reported through the Treasurer to the Board of Commissioners."

Funding Source

The Internal Audit Department Budget.

Background

In accordance with the FY2016 Internal Audit Plan and the requirements of the Board Policy, the Internal Audit Department (**IAD**) performed a quarterly audit of the Treasury Safekeeping Accounts.

IAD reviewed the Treasurer's Report, as of June 30, 2016, to identify the securities classified under the Safekeeping Accounts criteria. Each bank custodian, where the Safekeeping Accounts are held, was contacted to verify the existence of the Securities and to confirm the account balances.

For financial statements issued after June 15, 2015, the Government Accounting Standards Board (**GASB**) Statement No. 72 *Fair Value Measurement and Application* requires investments to be measured at fair value. GASB defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Analysis

In applying the new GASB Statement No. 72 *Fair Value Measurement and Application*, IAD performed an examination of each bank/safekeeping custodian's account confirmations as compared with the fair values for each investment presented in the Treasurer's Report dated June 30, 2016.

At June 30, 2016, we had approximately $84.6 million in US Treasury and Government Agency securities. Sales tax capital represents $64.4 million, Self-Insurance funds consist of approximately $10 million, and the remaining securities represent $10.2 million in internally restricted funds.

Conclusion

IAD has determined that the Safekeeping Accounts exist, and the respective balances have been fairly presented. A summary of our findings is presented in the attached table.

Committee Action Requested

This material is presented for information only; therefore, no action is required of the Audit Committee.

Attachment: Safekeeping Quarterly Accounts Audit – Ending June 30, 2016

Internal Audit Department

INDEPENDENT VERIFICATION for SAFEKEEPING ACCOUNTS

JUNE 30, 2016

ATTACHMENT

The Treasurer's Report as of June 30, 2016, indicates the following U. S. Securities held in Agency Safekeeping Accounts:

Issuer-Investment (Bank Safekeeping Agent)	Treasurer's Report Balance Stated At Market Value	Confirmed Balance Per Bank Agent Stated At Fair Value	Variance	Description/Disposition
Farm Credit Bank (Bank of America)	$41,543,866.00	$41,543,866.00	$0.00	NA
Federal Home Loan (Bank of America)	$17,694,539.00	$15,585,417.44	-$2,109,121.56	The variance represents a timing difference with the settling of the transfer of funds between Safekeeping Accounts. The audit confirmed that these funds were on deposit in the appropriate Safekeeping Account on July 1, 2016.
U.S. Treasury Bills (Bank of America)	$22,965,654.00	$22,965,654.00	$0.00	NA
U.S. Treasury Bills (Jefferson Bank & Trust)	$2,398,487.00	$2,405,000.00	$6,513.00	The Treasurer's report is shown at market and the bank confirm is at par value.
Total	$84,602,546.00	$82,499,937.44	-$2,102,608.56	

GASB No. 72 = For financial statements issued after June 15, 2015, the Government Accounting Standards Board **(GASB)** Statement No. 72 *Fair Value Measurement and Application* requires investments measured at fair value. GASB defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Bi-State Development
Agenda Item
Audit Committee Meeting
October 21, 2016

From:	James J. Cali, CPA Director of Internal Audit
Subject:	**Internal Audit Status Report – 4th Quarter-FY2016 and 1st Quarter-FY2017** Briefing Paper No. 17-01
Disposition:	Information
Presentation:	James J. Cali, Director of Internal Audit

Objective

To present to the Audit Committee the Internal Audit Department's (**IAD**) Status Report for the 4th Quarter-Fiscal Year 2016 and the 1st Quarter-Fiscal Year 2017.

Board Policy

Board Policy, Chapter 30 Audit, Finance and Budget Section 30.005 Audit Committee Charter, A. GENERAL. The purpose of the Audit Charter is to assist the Board of Commissioners, through its Audit Committee, in fulfilling its fiduciary oversight responsibilities as follows:

The IAD Policies and Procedures Manual, Internal Audit Charter, dated May 22, 2015, and signed by the Chair of the Board of Commissioners, the Audit Committee Chair, the President and CEO, and the Director of Internal Audit states in Section 1.1-Responsibility that the IAD had the responsibility to:

- Develop a flexible Annual Audit Plan using an appropriate risk-based methodology, including any risks or control concerns identified by Management, and submit that plan to the Audit Committee for review and approval as well as periodic updates.
- Implement the Annual Audit Plan, as approved, including as appropriate any special tasks or projects requested by Management and the Audit Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant functions and new or changing services, processes, operations, and control processes during development, implementation, and/or expansion phases.
- Issue periodic reports to the Audit Committee and Management summarizing results of audit activities.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Audit Committee.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify Management and the Audit Committee of the results.

- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Include any assignments given by the Audit Committee or the Board as a whole.

<u>Funding Source</u>

Internal Audit Department Budget.

<u>Background</u>

Internal Audit Status Report

This report provides the Board of Commissioners, Audit Committee Members and Senior Management with a summary of the IAD's quarterly activity pertaining to the Annual Audit Plan.

In addition to tracking the status of current audits and special projects, this report also highlights the follow-up activity related to the implementation of recommendations from prior audits.

During the 4th Quarter, BKD, a certified public accounting firm, began the audit of the health insurance claims and IAD working with Procurement completed the selection and established the On-Call list of three (3) Cyber Security Consulting Firms.

During the month of September 2016, Gary Smith, a graduate student at Lindenwood University began working in IAD under the college student internship program.

<u>Committee Action Requested</u>

This material is presented for information only; therefore, no action is required of the Audit Committee.

Attachments:

1. Internal Audit Status Report – 4th Quarter-FY2016
2. Internal Audit Status Report – Special Projects – 4th Quarter-FY2016
3. Internal Audit Status Report – 1st Quarter-FY2017
4. Internal Audit Status Report – Special Projects – 1st Quarter-FY2017

Bi-State Development
Internal Audit Department

Fourth Quarter Status Report
Ending June 30, 2016

Attachment 1

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Audit Follow - Up	July 2015		Ongoing	73.35%	420.00	235.75	72.30	308.05	111.95
Quarterly IAD Status Report	July 2015		Ongoing	55.94%	240.00	93.75	40.50	134.25	105.75
Quarterly Treasury Safekeeping Audit	July 2015		Ongoing	28.75%	240.00	56.25	12.75	69.00	171.00
FY2017 Annual Audit Work Plan & Risk Assessment	April 2016	May 2016	Complete	100.00%	172.00	0.00	10.50	10.50	161.50
Smart Card - Passenger Revenue Testing of Internal Controls	March 2015		In Progress	47.78%	800.00	312.25	70.00	382.25	417.75
Fuel Inventory Audit	March 2015	December 2015	Complete	100.00%	400.00	311.00	6.25	317.25	82.75
ADA Compliance Audit	March 2015		On Hold	0.00%	80.00	0.00	0.00	0.00	80.00
Segregation of Duties - IT	May 2015	October 2015	Complete	100.00%	400.00	237.25	0.00	237.25	162.75
Petty Cash Change Fund Audit	August 2015	November 2015	Complete	100.00%	200.00	169.75	0.00	169.75	30.25
Staples Procurement Card Audit	June 2015	October 2015	Complete	100.00%	200.00	155.25	0.00	155.25	44.75
FTA Required - Comprehensive Three - Year Audit Plan	June 2015	August 2015	Complete	100.00%	80.00	0.00	0.00	0.00	80.00
FTA Required - Security Training and Certification (Security)	August 2015	December 2015	Complete	100.00%	240.00	166.85	0.00	166.85	73.15
FTA Required - Safety Policy (Safety)	August 2015	August 2015	Complete	100.00%	200.00	76.25	6.50	82.75	117.25
FTA Required - Goals and Objectives (Safety)	August 2015	August 2015	Complete	100.00%	200.00	50.25	1.00	51.25	148.75
FTA Required - Accident and Incident Investigation (Safety)	August 2015	December 2015	Complete	100.00%	200.00	83.50	0.00	83.50	116.50
Subtotal Audit Hours					**4,072.00**	**1,948.10**	**219.80**	**2,167.90**	**1,904.10**

Bi-State Development
Internal Audit Department

Fourth Quarter Status Report
Ending June 30, 2016

Attachment 1

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Internal Service Fund Implementation - Self Funded Health Insurance Plans	July 2015		In Progress	83.52%	176.00	147.00	0.00	147.00	29.00
Gateway Arch Financial Audit				0.00%	120.00	0.00	0.00	0.00	120.00
Riverboats Financial Audit				0.00%	88.00	0.00	0.00	0.00	88.00
Armored Car Service Contract Audit	January 2016		In Progress	52.84%	176.00	73.25	19.75	93.00	83.00
American Express Card Audit	October 2015	November 2015	Complete	100.00%	360.00	139.75	1.00	140.75	219.25
Passenger Revenue Hand Sales Audit	June 2016		In Progress	45.60%	176.00	0.00	80.25	80.25	95.75
RFP Legal Services	July 2015	August 2015	Complete	100.00%	100.00	47.50	3.50	51.00	49.00
Payroll Audit - Phase 1	October 2015	December 2015	Complete	100.00%	400.00	230.75	0.00	230.75	169.25
Health Insurance Claims Audit			In Progress	3.04%	1,800.00	30.00	24.75	54.75	1,745.25
Payroll Audit - Phase 2				0.00%	80.00	0.00		0.00	80.00
ID Badge Access Audit	February 2016	June 2016	Complete	100.00%	600.00	178.50	169.00	347.50	252.50
Bus Shelter Cost Reconstruction Audit	March 2016		In Progress	82.53%	176.00	43.75	101.50	145.25	30.75
MetroRide Store Financial Audit	January 2016		In Progress	57.15%	360.00	79.30	126.45	205.75	154.25
FTA Drug and Alcohol Follow Up	July 2015		In Progress	50.00%	360.00	172.00	8.00	180.00	180.00
FTA Required - Security Incident Investigation (Security)	June 2016		In Progress	4.55%	176.00	0.00	8.00	8.00	168.00
Grand Total Annual Audit Plan					**9,220.00**	**3,089.90**	**762.00**	**3,851.90**	**5,368.10**

Bi-State Development
Internal Audit Department

Fourth Quarter Status Report
Ending June 30, 2016

Attachment 1

FY 2016 - Audit Plan Summary On-Call Contract Audit Hours	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Health Insurance Claims Audit				0.00%	1,400.00	0.00	0.00	0.00	1,400.00
Total On-Call Contract Audit Hours				**0.00**	**1,400.00**	**0.00**	**0.00**	**0.00**	**1,400.00**

Bi-State Development
Internal Audit Department

Fourth Quarter Status Report
Ending June 30, 2016

Attachment 2

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Accounting Department Assistance			Ongoing			15.00	3.00	18.00	
AP Continuous Monitoring			Ongoing			0.00	0.00	0.00	
Auditor Recruitment / Intern Recruitment			Ongoing			11.25	1.00	12.25	
Board Meeting / Audit Committee Meeting Preparations			Ongoing			421.25	195.00	616.25	
CEO Meetings			Ongoing			17.50	6.00	23.50	
DBE Application Review			Ongoing			0.00	13.25	13.25	
Ethics Point (Fraud Hotline)			Ongoing			0.00	0.00	0.00	
Freedom of Information Act			Ongoing			0.00	0.00	0.00	
IAD Audit Research / Reading			Ongoing			258.00	23.00	281.00	
IAD Oracle Procard Procurement			Ongoing			11.50	4.25	15.75	
Records Retention			Ongoing			251.00	62.75	313.75	
Training & Professional Development			Ongoing			175.00	58.50	233.50	
Treasury Department Assistance			Ongoing			0.00	0.00	0.00	
Casualty and Workers Compensation Internal Service Fund Implementation Assistance			In Progress			61.25	1.50	62.75	
CEO Special Request - Self Insurance Internal Service Fund			In Progress			174.00	4.25	178.25	
Total Special Projects Hours					**0.00**	**1,395.75**	**372.50**	**1,768.25**	**0.00**

Fourth Quarter Status Report
Ending June 30, 2016

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
RFP On - Call Cyber Security Consultant Selection	January 2016		In Progress	53.13%	240.00	94.75	32.75	127.50	112.50
EEO Investigation	January 2016		Ongoing			55.00	5.75	60.75	
Total Special Projects Hours					240.00	149.75	38.50	188.25	112.50

Bi-State Development
Internal Audit Department

First Quarter Status Report
Ending September 30, 2016

Attachment 3

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Audit Follow - Up	July 2016		Ongoing	23.75%	420.00	0.00	99.75	99.75	320.25
Quarterly IAD Status Report	July 2016		Ongoing	12.81%	240.00	0.00	30.75	30.75	209.25
Quarterly Treasury Safekeeping Audit	July 2016		Ongoing	5.31%	240.00	0.00	12.75	12.75	227.25
Smart Card - Passenger Revenue Testing of Internal Controls	March 2015		In Progress	49.28%	800.00	382.25	12.00	394.25	405.75
Fuel Inventory Audit	March 2015		In Progress	100.00%	400.00	317.25	8.25	325.50	74.50
ADA Compliance Audit	March 2015		On Hold	0.00%	80.00	0.00	0.00	0.00	80.00
Gateway Arch Financial Audit				0.00%	120.00	0.00	0.00	0.00	120.00
Riverboats Financial Audit				0.00%	88.00	0.00	0.00	0.00	88.00
Armored Car Service Contract Audit	January 2016		In Progress	66.05%	176.00	93.00	23.25	116.25	59.75
Passenger Revenue Hand Sales Audit	June 2016		In Progress	79.58%	240.00	80.25	110.75	191.00	49.00
RFP Legal Services	July 2015		In Progress	51.00%	100.00	51.00	0.00	51.00	49.00
Health Insurance Claims Audit			In Progress	3.63%	1,800.00	54.75	10.50	65.25	1,734.75
ID Badge Access Audit	February 2016		In Progress	58.13%	600.00	347.50	1.25	348.75	251.25
Bus Shelter Cost Reconstruction Audit	March 2016		In Progress	97.73%	176.00	145.25	26.75	172.00	4.00
Subtotal Audit Hours					**4,072.00**	**1,656.60**	**168.25**	**1,824.85**	**2,247.15**

First Quarter Status Report
Ending September 30, 2016

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
MetroRide Store Financial Audit	January 2016	-	In Progress	73.00%	360.00	205.00	57.80	262.80	97.20
FTA Drug and Alcohol Follow Up	July 2015	May 2016	Complete	100.00%	360.00	180.00	0.00	180.00	180.00
FTA Required - Drug and Alcohol Testing (Safety)	July 2016		In Progress	93.68%	360.00	0.00	337.25	337.25	22.75
FTA Required - Security Incident Investigation (Security)	June 2016		In Progress	66.68%	176.00	8.00	117.35	125.35	50.65
FTA Required - Security Data Analysis (Security)	July 2016		In Progress	13.21%	176.00	0.00	23.25	23.25	152.75
Accounts Payable/Vendor Payment Audit	September 2016		In Progress	7.08%	360.00	0.00	25.50	25.50	334.50
Grand Total Annual Audit Plan					**9,644.00**	**3,339.85**	**888.65**	**4,228.50**	**5,392.75**

Bi-State Development
Internal Audit Department

First Quarter Status Report
Ending September 30, 2016

Attachment 3

FY 2016 - Audit Plan Summary On-Call Contract Audit Hours	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Health Insurance Claims Audit				0.00%	1,400.00	0.00	0.00	0.00	1,400.00
								0.00	0.00
								0.00	0.00
Total On-Call Contract Audit Hours				**0.00**	**1,400.00**	**0.00**	**0.00**	0.00	**1,400.00**

Bi-State Development
Internal Audit Department

First Quarter Status Report
Ending September 30, 2016

Attachment 4

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Accounting Department Assistance			Ongoing			0.00	1.00	1.00	
AP Continuous Monitoring			Ongoing			0.00	0.00	0.00	
Auditor Recruitment / Intern Recruitment			Ongoing			0.00	0.75	0.75	
Board Meeting / Audit Committee Meeting Preparations			Ongoing			0.00	20.25	20.25	
CEO Meetings			Ongoing			0.00	5.50	5.50	
DBE Application Review			Ongoing			0.00	11.50	11.50	
Ethics Point (Fraud Hotline)			Ongoing			0.00	6.25	6.25	
Freedom of Information Act			Ongoing			0.00	0.00	0.00	
IAD Audit Research / Reading			Ongoing			0.00	26.75	26.75	
IAD Oracle Procard Procurement			Ongoing			0.00	11.25	11.25	
Records Retention			Ongoing			0.00	55.75	55.75	
Training & Professional Development			Ongoing			0.00	68.75	68.75	
Treasury Department Assistance			Ongoing			0.00	0.00	0.00	
Casualty and Workers Compensation Internal Service Fund Implementation Assistance			In Progress			0.00	0.00	0.00	
CEO Special Request - Self Insurance Internal Service Fund			In Progress			0.00	34.50	34.50	
Total Special Projects Hours					**0.00**	**0.00**	**242.25**	**242.25**	**0.00**

Bi-State Development
Internal Audit Department

First Quarter Status Report
Ending September 30, 2016

Attachment 4

FY 2016 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
RFP On - Call Cyber Security Consultant Selection	January 2016	September 2016	Complete	100.00%	240.00	127.50	24.25	151.75	88.25
EEO Investigation	January 2016		Ongoing			0.00	0.00	0.00	
Total Special Projects Hours					**240.00**	**127.50**	**24.25**	**151.75**	**88.25**

Bi-State Development
Agenda Item
Audit Committee Meeting
October 21, 2016

From:	James J. Cali, CPA Director of Internal Audit
Subject:	**Internal Audit Follow Up Summary – 4th Quarter-FY2016** Briefing Paper No. 17-03
Disposition:	Information
Presentation:	James J. Cali, Director of Internal Audit

Objective

To present to the Audit Committee the Internal Audit Department's (**IAD**) follow-up findings regarding the status of prior recommendations during the 4th Quarter of FY2016.

Board Policy

Board Policy, Chapter 30 Audit, Finance and Budget Section 30.005 Audit Committee Charter, A. GENERAL. The purpose of the Audit Charter is to assist the Board of Commissioners, through its Audit Committee, in fulfilling its fiduciary oversight responsibilities as follows:

(3) Internal Audit Process

- Review with Management and the Director of Internal Audit:
  a**.** Significant findings on internal audits during the year and Management's responses thereto.
  f. The Internal Audit Department's compliance with applicable standards (for example, *Government Auditing Standards*, or the Institute of Internal Auditors' **(IIA's)** Standards for the Professional Practice of Internal Auditing).

In addition, the IAD Policies and Procedures Manual, effective May 22, 2015, in Section 2.9-Report Follow-Up, Status Reports 2**.** states:

> The Director of Internal Audit shall schedule follow-up reviews as necessary to determine compliance. One of our primary responsibilities as professional auditors is determining that the auditee takes corrective action on recommendations. This applies in all cases except where "Management or the Board has assumed the risk of not taking corrective action on reported findings."

Funding Source

Internal Audit Department Budget.

Background

The Standards for the Professional Practice of Internal Auditing, Standard 2500 – Monitoring Process, states that, "The Chief Audit Executive should establish and maintain a system to monitor the disposition of audit results communicated to management." To ensure compliance with this standard, Internal Audit regularly monitors the status of recommendations.

The Audit Follow-Up Summary Report is a comprehensive overview highlighting the current implementation status of recommendations issued in prior audit reports. Each recommendation has been reviewed and its status has been classified as follows:

- **Completed –** The recommendation has been implemented.
- **Outstanding –** The recommendation has not yet been implemented, and/or the implementation date has not occurred yet.
- **Overdue –** The recommendation remains outstanding past the established implementation date.

The report should be used to determine the timeliness and the completeness of the implementation of corrective action. Management should place specific focus on those recommendations that are determined to be overdue.

Analysis

Not applicable.

Committee Action Requested

This material is presented for information only; therefore, no action is required of the Audit Committee.

FY2016 – Fourth Quarter Audit Follow-Up
Executive Summary

Report Name	Number of Recommendations	Completed	Outstanding – Not Overdue	Overdue
ID Badge Access Audit	19	1	18	0
American Express Card Audit	6	2	4	0
Fuel Inventory Audit	6	2	4	0
Petty Cash/Change Fund Audit	6	6	0	0
Time and Attendance Including FMLA Audit	11	10	1	0
SSO-Security Training and Certification Audit	6	5	1	0
SSO-Security Protective Measures Audit	5	5	0	0
Procurement Card Program Audit	10	8	2	0
Staples Procurement Card Program Audit	10	9	1	0
Segregation of Duties Audit	6	6	0	0

COMPLETED FOLLOW-UP AUDIT REPORTS:

1. Leon Uniform Company Contract Audit – Closed 3rd Quarter-FY2016
2. SSO-Goals and Objectives Audit - Closed 3rd Quarter-FY2016
3. SSO-Safety Policy Audit - Closed 3rd Quarter-FY2016
4. SSO-Employee Safety Audit - Closed 3rd Quarter-FY2016
5. SSO-Accident Incident Investigation Audit - Closed 3rd Quarter-FY2016
6. FY16-Payroll Audit - Closed 3rd Quarter-FY2016
7. Petty Cash/Change Fund Audit – Closed 4th Quarter-FY2016
8. SSO-Security Protective Measures Audit - Closed 4th Quarter-FY2016
9. Segregation of Duties Audit - Closed 4th Quarter-FY2016
10. Accounts Payable Refunds Check Audit - Closed 4th Quarter-FY2016
11. SSO-Internal Safety Audit - Closed 4th Quarter-FY2016
12. SSO-Safety Certification Audit - Closed 4th Quarter-FY2016