



# Audit, Finance & Administration Committee

## Open Meeting

Friday, May 21, 2021, immediately following Special Meeting at 8:30 AM

Board Room

211 North Broadway, 6th Floor

St. Louis, MO, 63102



## Audit, Finance & Administration Committee Meeting - May 21, 2021 - Open Meeting

### Notice of Meeting and Agenda

- |   |             |                                  |
|---|-------------|----------------------------------|
| 1. Call to Order  | Approval    | Chair<br>Zimmerman<br>M. Bennett |
| 2. Roll Call  |             |                                  |
| 3. Public Comment   | Information | Chair<br>Zimmerman               |
| 4. Approval of Minutes of the March 19, 2021, Audit, Finance & Administration Committee, Open Meeting | Approval    | Chair<br>Zimmerman               |
| A. Draft Minutes 03-19-2021 AFA Committee Open Meeting - Page 4                                       |             |                                  |
| 5. Sole Source Contracts for Hardware/Software Maintenance  | Approval    | T. Curran / K.<br>Kinkade        |
| A. Briefing Paper - Page 11   |             |                                  |
| 6. Amendment to Board Policy, Section 30.070 Hedging  | Approval    | T. Fulbright                     |
| A. Briefing Paper - Page 13   |             |                                  |
| B. Amended Policy - Redlined Version - Page 15  |             |                                  |
| C. Amended Policy - Clean Copy - Page 18  |             |                                  |
| 7. FY2022 Annual Audit Work Plan  | Approval    | C. Messner                       |
| A. Briefing Paper - Page 20   |             |                                  |
| B. Draft FY2022 Annual Audit Work Plan - Page 22  |             |                                  |
| 8. Draft Internal Audit Policies and Procedures Manual Revision 3                                     | Approval    | C. Messner                       |
| A. Briefing Paper - Page 30   |             |                                  |
| B. Draft - 2021 IAD Policies & Procedures Manual Revision 3 - Page 31                                 |             |                                  |
| 9. FY 2021 External Audit – Client Service Plan from RubinBrown                                       | Information | T. Fulbright                     |
| A. Briefing Paper - Page 93   |             |                                  |
| B. RubinBrown Pre-Audit Presentation - Page 94  |             |                                  |
| 10. IAD Audit Follow-Up Summary – 3rd Qtr. – FY2021   | Information | C. Messner                       |
| A. Briefing Paper - Page 108  |             |                                  |
| 11. Internal Audit Status Report – 3rd Quarter FY2021   | Information | C. Messner                       |
| A. Briefing Paper - Page 111  |             |                                  |
| B. FY 2021 - Quarterly Status Report - 3rd Qtr - Page 112   |             |                                  |
| C. FY 2021 - Quarterly Status Report - Special Projects-3rd Qtr - Page 115                            |             |                                  |
| 12. IAD SSO-Status Report – 1st Qtr. – Calendar Year 2021   | Information | C. Messner                       |
| A. Briefing Paper - Page 116  |             |                                  |
| B. CY 2021 - SSO Quarterly Status Report - 1st Qtr - Page 118   |             |                                  |

13. Treasury Safekeeping Quarterly Accounts Audit, Ending December 31, 2020	Information	C. Messner
A. Briefing Paper - Page 121		
B. Treasury Safekeeping Audit Ending December 31, 2020 - Page 123		
14. Quarterly Financial Statement - Third Quarter	Information	T. Fulbright
A. Quarterly Financial Statement - Third Quarter Ending March 31, 2021 - Page 124		
15. Treasurer's Report	Information	T. Fulbright
A. Treasurers Report - Page 201		
16. Procurement Report	Information	T. Curran
A. Non-Competitive Procurement Trends 3RD QTR FY2021 - Page 211		
17. President/CEO Report	Information	T. Roach
18. Unscheduled Business	Approval	Chair Zimmerman
19. Call for the Dates of Future Board & Committee Meetings	Information	M. Bennett
20. Adjournment to Executive Session If such action is approved by a majority vote, the Committee 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); Real Estate under §10.080(D)(2); and Auditors under §10.080(D)(10).	Approval	Chair Zimmerman
21. Reconvene to Open Session	Approval	Chair Zimmerman
22. Adjournment	Approval	Chair Zimmerman

**BI-STATE DEVELOPMENT  
AUDIT, FINANCE & ADMINISTRATION COMMITTEE MEETING  
OPEN SESSION MINUTES  
(Virtual Meeting)  
March 19, 2021**

**Immediately following  
Special Meeting of Board of Commissioners at 8:30 AM**

**Audit, Finance & Administration Committee Members participating via Zoom**

Justin Zimmerman, Chair  
Herbert Simmons  
Fred Pestello  
Nate Johnson

**Other Commissioners participating via Zoom**

Irma Golliday  
Vernal Brown  
Terry Beach  
Sam Gladney

Rose Windmiller – Absent  
Derrick Cox – Absent

**Staff participating via Zoom**

Taulby Roach, President and Chief Executive Officer  
Barbara Enneking, General Counsel and Deputy Secretary  
Myra Bennett, Manager of Board Administration  
Brenda Deertz, Administrator/Executive Assistant to the President/CEO  
Jessica Mefford-Miller, Executive Director Metro Transit  
Tammy Fulbright, Interim Chief Financial Officer  
John Langa, Vice President Economic Development  
Mary Lamie, Executive Vice President of Multi Modal Enterprises  
Crystal Messner, Chief Audit Executive  
Chris Poehler, Assistant Executive Director Engineering Systems  
Gregory Smith, Vice President – Purchasing, Materials Management, and Supplier Diversity  
Charles Stewart, Executive Vice President Organizational Effectiveness  
Andrew Ghiassi, Director of Safety/Chief Safety Officer  
Kathy Brittin, Director of Risk and Absence Management

**Others participating via Zoom**

Lo Freeman, ASL Interpreter  
Brett Runge, ASL Interpreter



**1. Open Session Call to Order**

**8:46 a.m.** Chair Zimmerman called the Open Session of the Audit, Finance & Administration Committee Meeting to order at 8:46 a.m.

**2. Roll Call**

**8:46 a.m.** Roll call was taken, as noted above.

**3. Public Comment**

**8:46 a.m.** Chair Zimmerman asked Ms. Bennett if any speaker cards were received for today's meeting. Ms. Bennett noted that no speaker cards were submitted.

**4. Minutes of the January 22, 2021 Audit, Finance & Administration Committee, Open Meeting**

**8:47 a.m.** The minutes of the January 22, 2021 Audit, Finance & Administration Committee, Open Meeting were provided in the Committee packet. A motion to approve the minutes was made by Commissioner Simmons and seconded by Commissioner Beach. **The motion passed unanimously.**

**5. Bi-State Development Operating and Capital Budget**

**8:47 a.m.** A briefing paper was included in the meeting materials regarding this item. President/CEO, Taulby Roach, & Tammy Fulbright, Interim Chief Financial Officer, gave a PowerPoint presentation regarding this item. Mr. Roach noted that meetings are being held with our funding partners regarding the budget projections. He noted that this is a complex budget, especially due to the fact that Federal funding has been inserted into the budget, and must be inserted differently between Missouri and Illinois, due to how the funding works. He stated that he is pleased with the proposed budget, and how the projectory has looked over time. Mr. Roach noted that the average growth rate for the past three years is approximately 1.5%. He stated that this type of trending is critical to the Agency to maintain stability and growth and to deliver service that is in line with funding.

Ms. Fulbright reviewed the statement of activity for the COVID Budget for 2021, noting a modest reduction in service for the FY2022 Budget. She gave an overview of transit operating expenses, and reviewed funding from our partners and other revenue sources. Ms. Fulbright gave an overview of projected capital expenses, and reviewed projections for each of the BSD enterprises. Commissioner Beach posed questions with regard to ARA funding. President/CEO Roach stated that this has been factored into the budget.

Commissioner Beach noted local funding sources, including St. Louis County, St. Clair County, and St. Louis City, and posed questions regarding reductions and redirection of services. President/CEO Roach noted that there has been some reduction in services with the current budget due to COVID. Mr. Roach noted that a primary goal with the Federal funding is to avoid layoffs to the greatest extent possible, and try to keep service levels consistent. He stated that, if the goal of the transit system is to save money, then we need to move our budgetary objectives to that, and it would inevitably mean some reductions. He stated that it is a complex situation, due to some fixed costs for the organization, and the effects that COVID has had. He stated that it is his goal to supply as much transit service as possible, as efficiently as possible. Mr. Roach noted that he will be speaking to Ken Sharkey, Managing Director, St. Clair Transit District, and is willing to speak to the entire transit board regarding these issues and their goals. Jessica

Mefford-Miller, Executive Director Metro Transit, addressed the Board regarding post pandemic service levels.

Commissioner Beach asked for an update regarding the HERO early retirement program. President/CEO Roach stated that the program is going well, and this can be discussed in greater detail in Executive Session. Mr. Roach stated that one of the objectives of the program is to make the organization as efficient as possible, and not have as much employment, but still deliver excellent service. Commissioner Beach asked if this program applies to non-union employees only. Mr. Roach stated that yes, it is management and executive oriented. Commissioner Pestello posed a question relating to the ratio of wages to benefits. Ms. Fulbright stated that this figure is typically around 40%, and will follow-up with additional information for the Board. Commissioner Simmons posed questions regarding the Riverboat enterprise. President/CEO Roach noted that staff will be coming forward with a cost/benefit analysis for the Board's review; however, this information will not be completed until after the budget cycle.

A motion to accept this item, including funding and grant resolutions, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Pestello, and the motion was seconded by Commissioner Brown. **The motion passed.**

**6. Sole Source – Stockless Office Supplies**

**9:21 a.m.** A briefing paper was included in the meeting materials regarding this item. Gregory Smith, Vice President – Purchasing, Materials Management, and Supplier Diversity, reviewed the information contained in the briefing paper, and asked if there were any questions. Being no questions, a motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval, was made by Commissioner Golliday, and the motion was seconded by Commissioner Pestello. **The motion passed.**

**7. Contract Award - Third Party Administrator Claim Services**

**9:26 a.m.** A briefing paper was included in the meeting materials regarding a recommendation that the Audit, Finance and Administration Committee accept, and forward to the Board of Commissioners for approval, the request that the President & CEO enter into a 5-year contract with the Thomas McGee Group, for third party administrator claim services, in the not to exceed amount of \$3,600,000. Charles Stewart, Executive Vice President Organizational Effectiveness, gave an overview of this item, noting that this outsourcing will provide a cost savings of \$181,000 in the first year, and a cost savings of approximately \$230,000 for each following year.

Commissioner Zimmerman noted the cost savings, and asked if there should be any concerns regarding the risks of outsourcing these services. Mr. Stewart stated that he believes this company could work more efficiently in the settlement of claims, and will be interfacing with our current outside legal counsel. President and CEO Roach noted that the Agency tends to carry claims over a long period of time currently, and he feels that this new contract would provide a more modern approach to this issue.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval, was made by Commissioner Golliday, and the motion was seconded by Commissioner Johnson. **The motion passed.**

**8. Contract Award - Occupational Medicine**

**9:32 a.m.** Chair Zimmerman noted that a briefing paper was included in the meeting materials recommending that the Audit, Finance and Administration Committee accept, and forward to the Board of Commissioners for approval, a request that the President & CEO enter into a 5-year contract with BarnesCare, to provide Occupational Medicine Services which include: Drug and Alcohol Testing; Urine Collection and Testing Services; Medical Review Officer Services; Essential Functions Testing; Workers' Compensation Services, and Wellness Services, in the not to exceed amount of \$1,513,655.00. Chair Zimmerman noted that Charles Stewart, Executive Vice President Organizational Effectiveness, and Andrew Ghiassi, Director of Safety/Chief Safety Officer, are in attendance, if there are any questions.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Pestello, and the motion was seconded by Commissioner Golliday. **The motion passed.**

**9. Board Policy, Section 70.050, Employee's Pension and 401(k) Retirement Savings Plan – Chairperson Appointment**

**9:34 a.m.** A briefing paper was included in the meeting materials recommending that the Committee accept, and forward to the Board of Commissioners for approval, a request to appoint retiree, Charles Priscu, currently serving on the Committee, as the new Chairperson for the Salaried Pension and 401(k) Committee, for a term of two years. Charles Stewart, Executive Vice President Organizational Effectiveness, gave an overview of this item.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Beach, and the motion was seconded by Commissioner Simmons. **The motion passed.**

**10. Contract Awards for General Legal Counsel Services**

**9:35 a.m.** A briefing paper was included in the meeting materials recommending that the Audit, Finance & Administration Committee accept, and refer to the Board of Commissioners for approval, authorization to award contracts with the recommended firms to provide General Legal Services under the supervision of BSD's General Counsel for an aggregate not exceed amount of \$9,000,000 over the next three years, and \$6,000,000 for the two option years. Barb Enneking, General Counsel, gave an overview of this item.

Commissioner Gladney asked if only one firm was chosen per practice area. Ms. Enneking indicated that there are multiple firms for each practice area. It was noted that the largest driver of outside legal expenses tend to be liability and workers' compensation issues. Commissioner Zimmerman noted that there had been an issue in the past with the Agency entering contracts with firms, then the attorneys who were working on the Agency's cases, would choose to leave the firm. He asked if a mechanism has been put in place to deal with this type of situation. Ms. Enneking indicated that the new contracts will address the issue.

A motion to accept this item, as presented, and recommend it to the Board of Commissioners for approval was made by Commissioner Beach, and the motion was seconded by Commissioner Brown. **The motion passed.**

**11. Quarterly Financial Statement – Second Quarter**

**9:42 a.m.** Quarterly Financial Statements for the second quarter were included in the meeting materials for Board review. Tammy Fulbright, Acting Chief Financial Officer, gave a brief overview of the financials for each of the Bi-State Development Enterprises. Chair Zimmerman noted that this item was presented as information only, and no action of the Committee is required.

**12. Treasurer's Report**

**9:44 a.m.** A Treasurer's Report was included in the meeting materials regarding this item. Tammy Fulbright, Acting Chief Financial Officer, gave an overview of this item, noting a fuel hedge savings of \$500,000. She also reported that the Agency's credit rating has improved from an AA- to an AA rating. It was noted that this item was presented as information only, and no action of the Committee is required.

**13. Procurement Report**

**9:46 a.m.** Chair Zimmerman noted that a Procurement Report was included in the meeting materials for Board review. He stated that Greg Smith, Vice President – Purchasing, Materials Management, and Supplier Diversity, is participating in today's meeting, if there are any questions from the Board. Being no questions from the Committee, Chair Zimmerman noted that this item was presented as information only, and no Committee action is required.

**14. Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of 12-31-2020**

**9:47 a.m.** A briefing paper was provided in the Committee packet, presenting to the Audit, Finance and Administration Committee, the Pension Plans, 401(k) Retirement Savings Program and OPEB Trust Investment Performance Update as of December 31, 2020. Charles Stewart, Executive Vice President Organizational Effectiveness, provided a brief overview of this issue. Chair Zimmerman noted that this item was presented as information only, and no action of the Committee is required.

**15. Internal Audit Staffing Update**

**9:50 a.m.** A briefing paper was provided in the Committee packet, informing the Audit, Finance & Administration Committee of the Internal Audit Department's (IAD's) current staff vacancy. Crystal Messner, Chief Audit Executive, provided a brief overview of this issue, noting that one of the full-time Senior Internal Auditors took a position outside of BSD, and the Department is currently in the process of filling that position. Ms. Messner also noted that the Department is working with a temporary agency to provide a full-time Administrative Assistant through September 2021, and the Administrative Assistant is to begin next Monday.

**16. President/CEO Report**

**9:51 a.m.** Bi-State Development President/CEO Taulby Roach addressed the Committee. He noted that staff is currently working on the ARP federal funding analysis, and is waiting for FTA's update.

Mr. Roach reported that he is also working to counter the proposed Missouri legislation regarding conceal carry on transit, and it is going well. He stated that he has spoken to several Missouri Senators. In conjunction with that, he stated that staff is working on an amendment process for the BSD Compact agreement, and will have that information to present to the full Board at the

next meeting. President/CEO Roach thanked Commissioner Simmons for his efforts in assisting with three vaccination events that were held for BSD employees in Illinois, and that a total of approximately 950 employees have been vaccinated. He noted that staff is working on holding another event for employees, in Missouri, in the near future.

**17. Unscheduled Business**

**9:53 a.m.** There was no unscheduled business.

**18. Call of Dates for Future Board and Committee Meetings**

**9:53 a.m.** Myra Bennett, Manager of Board Administration, advised the Committee of the upcoming meetings, as follows:

Safety & Security Committee Meeting	Thursday, April 8, 2021	8:30 AM
Operations Committee Meeting	Thursday, April 8, 2021	Following S&S meeting
Board of Commissioners Meeting	Friday, April 23, 2021	8:30 AM

**19. Adjournment to Executive Session – 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, §10.080(D) Closed Records; Legal under §10.080(D)(1); Personnel under §10.080(D)(3); and Auditors under §10.080(D)(10)**

**9:54 a.m.** Committee Chair Zimmerman requested a motion to allow the Committee to move into closed session as permitted under Bi-State Development Board Policy, Chapter 10, Section 10.080, (D) (1) – Legal; (D) (3) – Personnel; and (D) (10) – Audit.

A motion to move into Executive Session was made by Commissioner Simmons and seconded by Commissioner Brown. A roll call vote was taken as follows:

Vernal Brown – Yea	Justin Zimmerman – Yea
Fred Pestello – Yea	Herbert Simmons – Yea
Nate Johnson – Yea	Irma Golliday – Yea
Sam Gladney – Yea	Terry Beach – Yea

**The motion passed unanimously, and the Committee moved into Executive Session at approximately 9:55 a.m.**

**20. Reconvene to Open Meeting**

**10:08 a.m.** The Committee reconvened to the Open Meeting at approximately 9:08 a.m. Chair Zimmerman noted that, per Board Policy, no final action votes will be taken in a closed meeting or closed (executive) session. For items requiring final action, a roll call vote shall be taken in open session.

Commissioner Johnson made a motion to approve the Minutes from the January 22, 2021, Executive Session of the combined meeting of the Operations and Audit, Finance, & Administration Committee, as a closed record. The motion was seconded by Commissioner Brown.

A roll call vote was taken as follows:

Vernal Brown – Yea  
Fred Pestello – Yea  
Nate Johnson – Yea  
Sam Gladney – Yea

Justin Zimmerman – Yea  
Herbert Simmons – Yea  
Irma Golliday – Yea  
Terry Beach – Yea

**The motion passed.**

Commissioner Pestello made a motion to approve the Internal Audit Department FY2022 Budget, as presented. The motion was seconded by Commissioner Golliday.

A roll call vote was taken as follows:

Vernal Brown – Yea  
Fred Pestello – Yea  
Nate Johnson – Yea  
Sam Gladney – Yea

Justin Zimmerman – Yea  
Herbert Simmons – Yea  
Irma Golliday – Yea  
Terry Beach – Yea

**The motion passed.**

## **21. Adjournment**

**10:10 a.m.** Chair Zimmerman asked if there was any further business, being none, Commissioner Brown made a motion to adjourn the meeting. The motion was seconded by Commissioner Zimmerman. Unanimous vote in favor taken. Motion passed, and the meeting was adjourned at approximately 10:11 a.m.

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Deputy Secretary to the Board of Commissioners  
Bi-State Development

**Bi-State Development Agency  
Audit, Finance & Administration Committee  
Open Session Agenda Item  
May 21, 2021**

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**From:** Thomas Curran, Executive Vice President, Administration  
**Subject:** Sole Source Contracts for Hardware and Software Maintenance  
**Disposition:** Approval  
**Presentation:** Kerry Kinkade, Vice President & Chief Information Officer

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**Objective:**

To present to the Audit, Finance and Administration Committee, for acceptance and recommendation to the Board of Commissioners, a request for sole source contracts for Hardware and Software Maintenance as budgeted for FY 2022.

**Background:**

Bi-State Development (BSD) has made significant investment in its technology platforms, to enhance all aspects of our businesses. Each of these systems require continued support from the manufacturer/developer, to ensure the software functions as expected and remains current with technology updates. When software products are initially licensed and deployed, BSD enters into software maintenance agreements with the manufacturer/developer that ensure the necessary support is available. These software maintenance agreements provide for:

- 1) Correction of “bugs” discovered after software delivery;
- 2) Enhancement of the software to improve performance and maintainability;
- 3) Adaptive maintenance to ensure continued efficient operation in changing operational environments; and
- 4) Emergency support to correct issues that may interfere with the efficient operation of the software.

Contracts for technology hardware and software maintenance have historically been submitted to the Board individually as needed. During the October 2013 Operations Committee meeting, it was suggested that BSD consider revising this approach in favor of an annual approval of the required contracts. This has since become our adopted standard approach.

**Analysis:**

BSD’s FY 2022 Operating Budget allocates approximately \$3,246,000 for costs associated with hardware and software maintenance contracts. Most of the contracts are less than \$100,000 per year; therefore, do not require approval of the Board of Commissioners. The following providers’ annual costs are anticipated to exceed the \$100,000 threshold, which require Board approval.

<b><u>Supplier</u></b>	<b><u>Product Description</u></b>	<b><u>Annual Cost</u></b>
Giro	Operator Dispatch System	\$ 173,000
Indra	Fare Collection System	\$ 157,000
Kronos	Employee Timekeeping System	\$ 136,000
Oracle	Financial/ERP System	\$ 596,000
Scheidt and Bachmann	Farebox Management System	\$ 328,000
Tableau	Business Analytics and Reporting	\$ 150,000
Trapeze	Operations & Customer Service Systems	\$ 1,064,000

BSD staff shall analyze each situation, prior to entering into any contracts, to verify the continued need and appropriate level of support. Negotiations will be conducted with the contractor to ensure reasonableness of cost.

**Committee Action Requested:**

It is requested that the Audit, Finance and Administration Committee accept, and forward to the Board of Commissioners, this request for FY 2022 funding of Sole Source Contracts for Hardware and Software Maintenance.

**Funding Source:**

Hardware and software maintenance is budgeted in the annual operating budget and funded through local sales tax appropriations.



**Bi-State Development Agency  
Audit, Finance & Administration Committee  
Open Session Agenda Item  
May 21, 2021**

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**From:** Tammy Fulbright, Interim Chief Financial Officer  
**Subject:** Amendment to Board Policy, Section 30.070 Hedging  
**Disposition:** Approval  
**Presentation:** Tammy Fulbright, Interim Chief Financial Officer

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**Objective:**

To present to the Audit, Finance and Administration Committee, for discussion and referral to the Board of Commissioners for approval, the proposed amendment to the current Board Policy, Section 30.070 Hedging.

**Background:**

As a sizeable consumer of diesel and other fuels, Bi-State is highly vulnerable to the risk of volatility in fuel prices. Since 2004, Bi-State has contracted with Linwood Capital to hedge fuel costs, by purchasing home heating oil futures contracts (which are highly correlated with the price of diesel) in a ladder structure in order to establish a known fuel cost for budgeting purposes. As fuel prices increase, the value of the futures goes up, and acts to offset the actual price Bi-State pays for fuel. As the price of fuel drops, the value of the futures decline, and will offset the savings in fuel costs. Bi-State's actual fuel purchases are made independently of hedging activities.

**Analysis:**

We are proposing the following improvements to the Board Policy, Section 30.070 Hedging, to improve internal controls and provide more clarity.

- Under Section G. Execution, Reporting, and Oversight, we included a reference to the Fuel Hedge Committee and the need for formal meeting agendas and minutes for each meeting. In addition, we included the alignment of the Fuel Hedge Reporting with Board Committee meetings to include quarterly reporting rather than monthly. Finally, this section was updated to reference the Committee's oversight of the Consultant's action and compliance with the policy.
- Under Section C. Program Infrastructure, a. Instruments, we included a maximum hedge ratio and a maximum hedge maturity. In addition, we included the allowance for exchange-traded future contract. This does not require an investment grade rating due to the liquidity of the contract. These contracts are backed by a specific exchange.

**Committee Action Requested:**

Management recommends that the Audit, Finance and Administration Committee accept, and forward to the Board of Commissioners for approval, amending Board Policy Section 30.070 Hedging, with the recommended changes, and waive tabling of the amendment, pursuant to Board Policies, Article VI (D), to revise Board Policy Section 30.070 Hedging, so that it is effective upon Board approval.

**Funding Source:**

The operating budget provides funding for fuel expenses.

**Attachments:**

Section 30.070 Hedging policy effective 2/23/2001, revised 11/20/15. Section 30.070 Hedging policy with recommended changes. (Red-lined version and clean copy.)

**Section 30.070 Hedging** (effective 2/23/2001; revised 11/20/15; revised 6/25/2021)(effective 2/23/2001; revised 11/20/15)

A. General. Because of the nature of its responsibilities to the St. Louis Metropolitan region, the Bi-State Development Agency (Agency) manages financial risks attributed to the price variability of ~~fuel, diesel, electricity and natural gas~~ usage. This risk can be managed effectively through the use of hedging techniques. The purpose of this policy is to generally outline how the Agency will manage these risks, what techniques will be employed, and the general guidelines to be followed.

B. Definition. A hedge is a financial tool used to reduce the risk associated with normal business activities of buying ~~fuel, diesel, electricity and natural gas~~ as well as financial lending or borrowing activities. The purpose of this hedging program is not to make or lose money but to manage risk. This program is not an investment and should not be construed as such. Realized gains or losses will be considered as an element of fuel cost. A hedging program will:

- a. seek to decrease the volatility of fuel cost;
  - b. seek to increase the likelihood that actual net fuel cost will remain below the budgeted cost;
  - c. seek to increase the certainty of future fuel cost;
  - d. seek to attain a lower overall cost of fuel in the long-term;
  - e. seek to manage year-over-year changes in fuel cost.
- Speculation, on the other hand, does not reduce the risk associated with the Agency's normal business activities, and will not be utilized at any time.

C. Program Infrastructure ~~Instruments~~.

- a. Instruments. The Agency will maintain a futures account with a Futures Commission Merchant (Broker), which may be a separate entity from the Advisor. The Agency, through the management and direction of an Advisor, acquires, holds, and disposes of fuel futures contracts in the operation of its program. The high correlation between the movement of the price that the Agency pays for its fuel and the movement of the value of the futures contracts produces the program's effectiveness as a hedge. Due to the liquidity of the futures contracts purchased, these contracts do not require an investment grade rating.
- b. Maximum Hedge Ratio. The Agency's volume of fuel consumption is predictable and without significant variability over time. Given this, the maximum hedge ratio will be limited to 95% of forecasted consumption.
- c. Maximum Hedge Maturity. To allow the establishment of cost certainty in current and future budget periods, the maximum maturity of the futures contracts taken in conjunction with the program is 36 months forward from the acquisition date.
- d. Exiting Market Conditions. The advisor will exit the futures contracts evenly though time to coincide with the fuel supply contract pricing mechanism. This even liquidation of futures hedges through time and the even purchase of fuel via the Agency's fuel supply process assures the effectiveness of the hedging process. Based on the difference between the hedge price (entry price) and the settlement price (exit price), there will be a realized gain/loss associated with the hedge that will appear in the futures account. Futures contracts will be held to maturity (exited when the corresponding fuel is purchased) and, in the normal operation of the program, there will be no interim trading or early exit allowed. Exceptions to this include situations

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where the volume of forecasted fuel consumption decreases in which case the hedge position may be adjusted to comply with the Maximum Hedge Ratio.

B-D. Physical Supply. The physical supply of fuel will be purchased according to the Agency's procurement policies, and will be priced according to the fuel supply contract. ~~The financial instruments that are available to be used include over the counter (OTC) instruments known as options and swaps and the various combinations of such products caps, collars, costs less collars, futures contracts and weather hedges. Exchange traded futures are permissible under this policy.~~

E. Strategy. The Strategy is how the program's objectives are achieved. The strategy will utilize a process:

- a. that addresses market opportunities and market risks;
- b. that examines fundamental and technical market factors in the hedge decision-making process;
- c. that holds the risk of exceeding budget at or below an acceptable level;
- d. that uses historical pricing ranges as pricing parameters;
- e. that is continuously applied through time;
- f. that will take advantage of the inherent "dollar cost averaging" properties of a continuous hedging program;
- g. that mitigates transaction timing risk by making more numerous smaller volume transactions.

These things will be accomplished by the advisor executing the appropriate transactions at appropriate times to create the desired effect within the constraints of the policy.

Risk Management.

F. Risk Management. The Agency will engage only in financial hedge transactions that are ~~consistent with prudent risk management practices related to the Agency's principal business, including the operation of diesel buses and vans, LRV electric propulsion and lighting for its facilities; and natural gas for heating and propulsion.~~ Accordingly, only existing assets and fuel/energy costs, as related to these areas of business, and as advised by the Advisor.

G. Execution, Reporting and Oversight.

- a. The Advisor will be responsible for the day to day execution of the program including the execution of transactions, generating reports on the program's status and results, and monitoring the program and the energy markets. The advisor will generate periodic updates on the status and results of the program.
- b. The Treasury Department will provide the Board of Commissioners with a summary of its activity through the quarterly Treasurer's Report.

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a-c. A Hedge Committee will oversee the activities of this program. The Committee shall include ~~the~~ Chief Financial Officer, Director of Treasury, Assistant Executive Director Transit Assets, Chief the Vice President of Procurement, Inventory Management & Supplier Diversity. Oversight Hedge Committee will be to -determine whether a proposed transaction hedging strategy. of transactions is consistent with this Hedge Policy and review the performance of the hedging activity on a periodic basis. The Hedge Committee will meet no less than quarterly, -and meeting minutes and Ccommittee decisions will be documented and approved by the Ccommittee. The

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**Section 30.070 Hedging** (effective 2/23/2001; revised 11/20/15; revised 6/25/2021)

- A. General. Because of the nature of its responsibilities to the St. Louis Metropolitan region, the Bi-State Development Agency (Agency) manages financial risks attributed to the price variability of fuel usage. This risk can be managed effectively through the use of hedging techniques. The purpose of this policy is to generally outline how the Agency will manage these risks, what techniques will be employed, and the general guidelines to be followed.
- B. Definition. A hedge is a financial tool used to reduce the risk associated with normal business activities of buying fuel.. The purpose of this hedging program is not to make or lose money but to manage risk. This program is not an investment and should not be construed as such. Realized gains or losses will be considered as an element of fuel cost. A hedging program will:
  - a. seek to decrease the volatility of fuel cost;
  - b. seek to increase the likelihood that actual net fuel cost will remain below the budgeted cost;
  - c. seek to increase the certainty of future fuel cost;
  - d. seek to attain a lower overall cost of fuel in the long-term;
  - e. seek to manage year-over-year changes in fuel cost.
- C. Program Infrastructure.
  - a. Instruments. The Agency will maintain a futures account with a Futures Commission Merchant (Broker), which may be a separate entity from the Advisor. The Agency, through the management and direction of an Advisor, acquires, holds, and disposes of fuel futures contracts in the operation of its program. The high correlation between the movement of the price that the Agency pays for its fuel and the movement of the value of the futures contracts produces the program's effectiveness as a hedge. Due to the liquidity of the futures contracts purchased, these contracts do not require an investment grade rating.
  - b. Maximum Hedge Ratio. The Agency's volume of fuel consumption is predictable and without significant variability over time. Given this, the maximum hedge ratio will be limited to 95% of forecasted consumption.
  - c. Maximum Hedge Maturity. To allow the establishment of cost certainty in current and future budget periods, the maximum maturity of the futures contracts taken in conjunction with the program is 36 months forward from the acquisition date.
  - d. Exiting Market Conditions. The advisor will exit the futures contracts evenly though time to coincide with the fuel supply contract pricing mechanism. This even liquidation of futures hedges through time and the even purchase of fuel via the Agency's fuel supply process assures the effectiveness of the hedging process. Based on the difference between the hedge price (entry price) and the settlement price (exit price), there will be a realized gain/loss associated with the hedge that will appear in the futures account. Futures contracts will be held to maturity (exited when the corresponding fuel is purchased) and, in the normal operation of the program, there will be no interim trading or early exit allowed. Exceptions to this include situations where the volume of forecasted fuel consumption decreases in which case the hedge position may be adjusted to comply with the Maximum Hedge Ratio.
- D. Physical Supply. The physical supply of fuel will be purchased according to the Agency's procurement policies, and will be priced according to the fuel supply contract.

E. Strategy. The Strategy is how the program's objectives are achieved. The strategy will utilize a process:

- a. that addresses market opportunities and market risks;
- b. that examines fundamental and technical market factors in the hedge decision-making process;
- c. that holds the risk of exceeding budget at or below an acceptable level;
- d. that uses historical pricing ranges as pricing parameters;
- e. that is continuously applied through time;
- f. that will take advantage of the inherent "dollar cost averaging" properties of a continuous hedging program;
- g. that mitigates transaction timing risk by making more numerous smaller volume transactions.

These things will be accomplished by the advisor executing the appropriate transactions at the appropriate times to create the desired effect within the constraints of the policy

F. Risk Management. The Agency will engage only in financial hedge transactions that are related to the Agency's principal business, including the operation of diesel buses and vans. The Agency will only trade specific contracts as necessary to hedge for the pricing of fuel/energy costs, as related to these areas of business, and as advised by the Advisor.

G. Execution, Reporting and Oversight.

- a. The Advisor will be responsible for the day to day execution of the program including the execution of transactions, generating reports on the program's status and results, and monitoring the program and the energy markets. The advisor will generate periodic updates on the status and results of the program.
- b. The Treasury Department will provide the Board of Commissioners with a summary of its activity through the quarterly Treasurer's Report.
- c. A Hedge Committee will oversee the activities of this program. The Committee shall include, Chief Financial Officer, Director of Treasury, Assistant Executive Director Transit Assets, , and the Vice President of Procurement, Inventory Management & Supplier Diversity. The role of the Hedge Committee will be to determine whether a proposed hedging strategy, transaction or group of transactions is consistent with this Hedge Policy and review the performance of the hedging activity on a periodic basis. The Hedge Committee will meet no less than quarterly, and meeting minutes and Committee decisions will be documented and approved by the Committee.

**Bi-State Development Agency  
Open Session Agenda Item  
Audit, Finance, and Administration Committee  
May 21, 2021**

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**From:** Crystal Messner, CFE, CIA, CISA  
Chief Audit Executive  
**Subject:** **FY2022 Annual Audit Work Plan**  
Briefing Paper No. 21-11  
**Disposition:** Approval  
**Presentation:** Crystal Messner, CFE, CIA, CISA

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**Objective:**

To present to the Committee the Fiscal Year (FY) 2022 Annual Audit Work Plan for review and approval.

**Background:**

The FY2022 Annual Audit Work Plan will continue to concentrate on areas of greater exposure using a cycled approach to assure adequate coverage. Areas of exposure identified are finance, compliance, and management of employee programs. The proposed schedule of audits for each quarter in FY2022 is presented in Exhibit A of the attached “FY2022 Annual Audit Work Plan.”

**Executive Summary**

The proposed Internal Audit Department’s (IAD’s) Audit Work Plan for FY2022 confirms our compliance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

IAD will employ an audit strategy to guide how IAD’s resources will be deployed to determine the timing of which audits will be performed, a key step for the formulation of the Audit Work Plan. This document sets forth the Internal Audit Strategy and the Audit Work Plan that identifies the audit priorities to be addressed during the fiscal year. IAD has also taken into consideration that circumstances may arise during the year; therefore, the Audit Work Plan may be subject to changes.

The Internal Audit Strategy and Audit Work Plan provide:

- A clear view of IAD’s workload;
- A base for assessing the adequacy and deployment of audit resources;
- A yardstick against which progress and performance can be measured; and
- The flexibility to undertake special projects from the Audit, Finance and Administration Committee, President and CEO and/or Senior Management (this supersedes certain audit projects listed in the Audit Work Plan).

The Audit Work Plan incorporates a risk-based analysis of Bi-State Development’s (BSD’s) operations as its foundation. In performing these audits, the IAD will provide assurance to the Audit, Finance, and Administration Committee that risks which could prevent BSD from



achieving its objectives have been identified. The IAD, working in conjunction with Management, will use the audit reports and related recommendations to develop Corrective Action Plans (**CAPs**) for the assessment and management of these risks.

The scope of the Annual Audit Work Plan is designed to address key risk areas in the following key systems:

- **Corporate Systems:** These include the overarching functions managed centrally to ensure effective operations, risk management and corporate governance;
- **Support Systems:** These include those functions and systems that contribute towards the overall objectives indirectly through providing services and resources to the Operational systems; and
- **Operational Systems:** These include the main functions associated with the core activities of BSD.

**Analysis:**

The Audit Work Plan provides a detailed list of audit projects to be performed during the fiscal year.

**Committee Action Requested:**

Based on the documentation presented to the Committee, approval is recommended for the FY2022 Audit Work Plan.

**Funding Source:**

Funding is provided through the IAD operating budget.

**Attachment:**

1. Draft -FY2022 Annual Audit Work Plan



# BI+STATE DEVELOPMENT

## INTERNAL AUDIT DEPARTMENT FISCAL YEAR 2022 ANNUAL AUDIT WORK PLAN

Date Report to be Presented to the  
Audit, Finance and Administration Committee:  
May 21, 2021

CRYSTAL M. MESSNER  
*Chief Audit Executive*

MARY C. CRYER  
*Sr. Administrative Assistant*

**BI-STATE DEVELOPMENT  
INTERNAL AUDIT DEPARTMENT  
FY2022 ANNUAL AUDIT WORK PLAN**

## **Executive Summary**

The proposed Internal Audit Department's (**IAD's**) Audit Work Plan for Fiscal Year (**FY**) 2022 confirms our compliance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (**IIA**). The Audit Work Plan incorporates a risk-based analysis of Bi-State Development's (**BSD's**) operations as its foundation.

IAD will employ an audit strategy to guide how IAD's resources will be deployed to determine the timing of which audits will be performed. This audit strategy is a key step for the formulation of the Audit Work Plan. This document sets forth the Internal Audit Strategy and the Audit Work Plan that identifies the audit priorities to be addressed during this fiscal year. The Internal Audit Strategy has been used to determine the areas where resources should be allocated. The IAD has also taken into consideration that circumstances may arise during the year; therefore, the Audit Work Plan may be subject to changes.

The Internal Audit Strategy and Audit Work Plan provide:

The audit strategy provides:

- A clear view of Internal Audit's workload;
- A base for assessing the adequacy and deployment of audit resources;
- A yardstick against which progress and performance can be measured;
- The Audit Committee's authority to execute the Audit Work Plan;
- That all reviews will be performed in accordance with the appropriate professional audit standards;
- That upon completion of a review, an audit report will be presented to management that outlines the audit objectives, scope of our work, the risks considered, an assessment of the internal controls, audit findings, and recommendations for improvement;
- The Internal Audit Department resources to assist the independent External Auditors with BSD's annual financial audit;
- Assistance to any State and/or Federal auditors;
- The Audit Committee with a quarterly performance report; and
- Flexibility to undertake special projects from the Audit Committee, President and CEO and/or Senior Management (this supersedes certain audit projects listed in the Audit Work Plan).

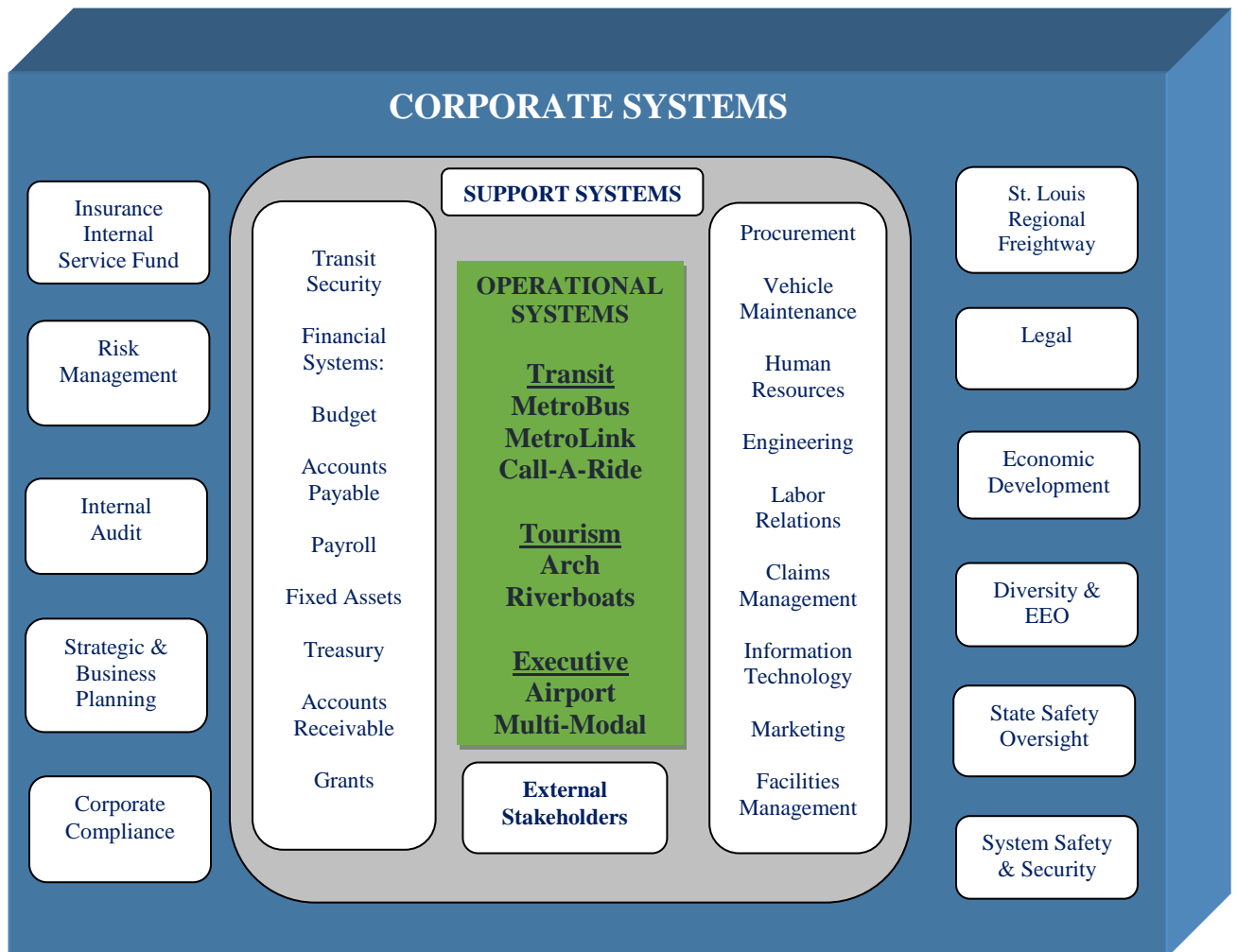
# BI-STATE DEVELOPMENT INTERNAL AUDIT DEPARTMENT FY2022 ANNUAL AUDIT WORK PLAN

## Annual Audit Work Plan

The detailed Audit Work Plan for this Fiscal Year is presented in Exhibit A. This plan sets out how the IAD proposes to provide assurance over BSD's key risks. From time to time, it may be necessary to update the Audit Work Plan to address unforeseen risks that emerge requiring the use of IAD's resources.

The scope of the Audit Work Plan is designed to address the following key systems:

- Corporate Systems: These include the overarching functions managed centrally to ensure effective operations, risk management, and corporate governance;
- Support Systems: These include those functions and systems that contribute towards the overall objectives indirectly through providing services and resources to the operational systems; and
- Operational Systems: These include the main functions associated with BSD's core activities.



**BI-STATE DEVELOPMENT  
INTERNAL AUDIT DEPARTMENT  
FY2022 ANNUAL AUDIT WORK PLAN**

## Quality Assurance

The IAD's mission is to consistently provide the highest level of professional service to meet BSD's and the Audit, Finance and Administration Committee's needs. The IAD intends to achieve that goal through the following objectives:

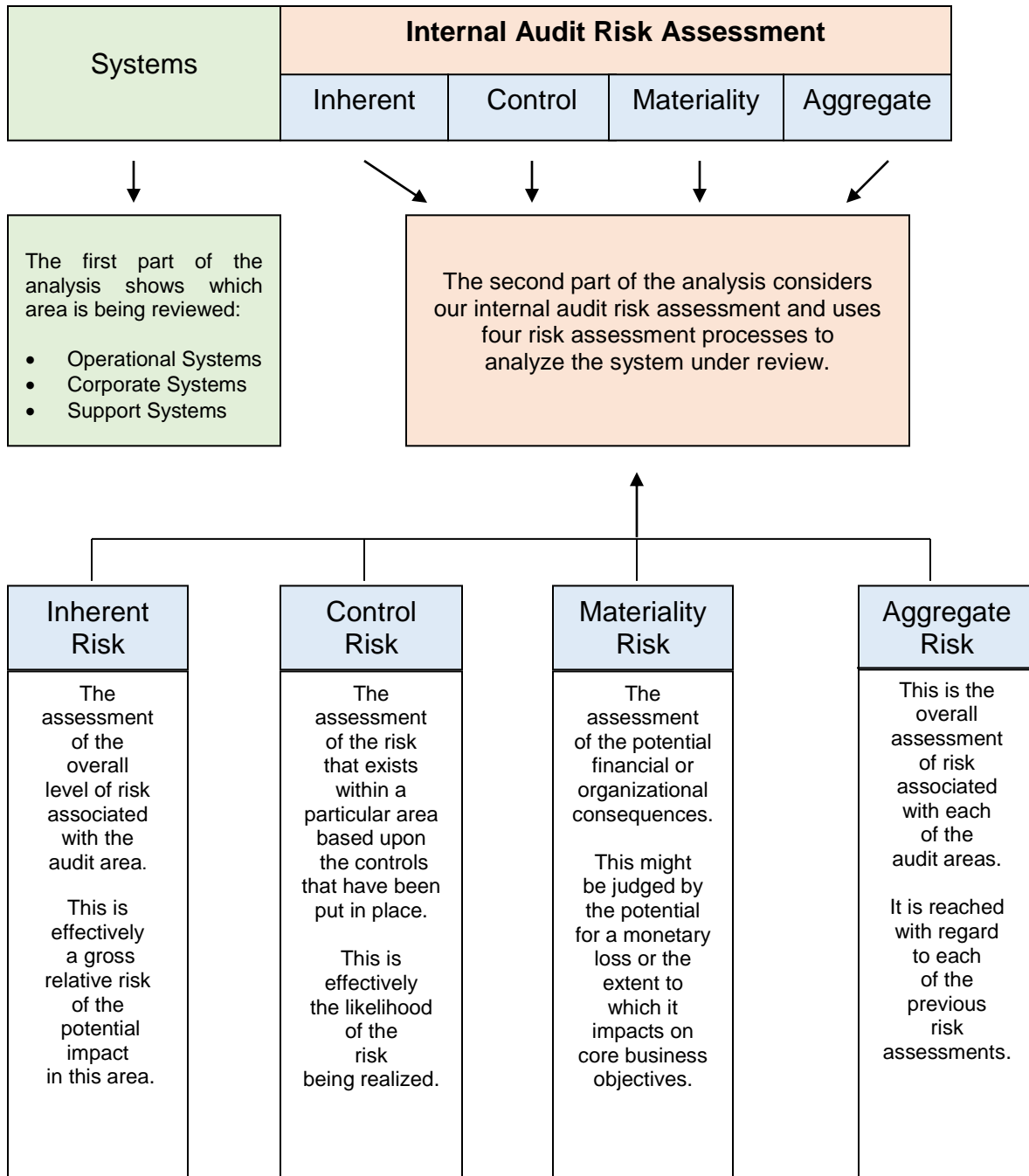
- Prepare a detailed Audit Work Plan that will be presented to the Audit, Finance and Administration Committee for approval;
- Provide continuing professional education (CPE's) and training for the IAD staff;
- Utilize the expertise, resources, and technical excellence of the "On-Call" audit firms for specialized Audits;
- Discuss Audit Findings and Recommendations with Management prior to issuing the Draft Audit Report;
- Conduct regular follow-ups and review Management's progress towards the implementation of prior Audit Recommendations;
- Develop a tailored approach for each Audit using a defined methodology, current regulations, and professional audit standards;
- Maintain all Audit files and reports in accordance with the Institute of Internal Auditors (IIA) Quality Assurance Standards;
- Liaison with External Audit to ensure that there is effective communication and cooperation between Internal and External Audit; and
- Work with the following performance measures to achieve the corresponding target.

Performance Measure	Target
Completion of Annual Audit Work Plan	100%
Issuance of draft audit report	10 working days after exit conference
Receipt of Management responses to draft audit report	10 working days after draft audit report has been issued
Issuance of final draft audit report	10 working days after receipt of Management responses
Follow-Up Corrective Action Form And Issuance of Follow-Up Report	Follow-Up starts immediately following the approval of the Draft Audit Report by BSD's Board of Commissioners.
Staff training	A minimum of 40 hours of continuing professional education (CPEs) annually for staff members who are CPAs.

# BI-STATE DEVELOPMENT INTERNAL AUDIT DEPARTMENT FY2022 ANNUAL AUDIT WORK PLAN

## Audit Strategy

The overall audit strategy detailed below explains how the elements of the Risk Assessment relate to Audit Work Planning processes:



**BI-STATE DEVELOPMENT  
INTERNAL AUDIT DEPARTMENT  
FY2022 ANNUAL AUDIT WORK PLAN**

## **Risk Assessment**

The Internal Audit Department with the assistance of BSD's Management previously compiled a Risk Assessment analysis, taking into consideration the following probable risk factors and potential exposures the Agency could experience:

<u><b>Probable Risk Factors</b></u>	<u><b>Potential Exposures</b></u>
Accessibility	Financial Loss
Business Disruption	Legal Violations
Credit	Negative Customer Impact
Customer Service	Loss of Business Opportunity
Data Integrity	Public Embarrassment
Fraud	Inefficient Business Process
Financial Report Misstatement	
Illegal Activity	
Natural and/or Man-Made Disaster	
Physical Harm	

Previous Risk Assessments have identified over 120 auditable units. An auditable unit is defined as any particular topic, subject, project, department, division, process, or function that is deemed to be worthy of an audit.

It is important to point out that not all of the auditable units need to be examined by the Internal Audit Department every fiscal year. In the past, BSD's independent External Auditors audited approximately 27% of the auditable units as part of the annual financial statement audit. The Internal Audit Department will work with Rubin Brown, BSD's independent External Auditors, to coordinate the scheduling of audits to avoid any duplication.

In developing the proposed Annual Audit Work Plan for this fiscal year, specific attention was given to those auditable units which have not been assessed in recent years.

## **Audit Follow-Up**

The IAD has included some specific reviews within the Audit Work Plan to follow up on Recommendations and improvement opportunities identified by previous Internal Audit Reports and by our External Auditors. Also, IAD will track Management's progress made towards implementing respective Recommendations.

**BI-STATE DEVELOPMENT  
INTERNAL AUDIT DEPARTMENT  
FY2022 ANNUAL AUDIT WORK PLAN**

The Chief Audit Executive will provide the Audit, Finance and Administration Committee, Board of Commissioners, President & CEO, and Senior Management with Audit Reports throughout the year to ensure that we are meeting your expectations. IAD will also ensure that effective communication channels are maintained with our External Auditors to make certain that BSD is receiving the maximum benefit from these combined audit resources.

**Internal Audit Department – Professional Staff**

For FY2022, IAD's Staffing will be as follows:

Crystal Messner, CIA, CFE, CISA – Chief Audit Executive  
Angie Staicoff, CPA – Senior Internal Auditor  
Jaine King, CIA, CFE, CRMA – Senior Internal Auditor  
Karl Tyminski, CPA – Senior Internal Auditor – Part-time  
Mary Cryer – Sr. Administrative Assistant

During this Fiscal Year, IAD plans to continue the use of "On-Call Contracts" with Certified Public Accounting (**CPA**) firms, Safety and Security Oversight (**SSO**) Consultants, and Cyber Security Consultants to assist in the execution of the Annual Audit Work Plan.



**BI-STATE DEVELOPMENT  
INTERNAL AUDIT DEPARTMENT  
FY2022 ANNUAL AUDIT WORK PLAN**

**EXHIBIT A**

**Proposed FY2022 - Audit Work Plan**

**1<sup>st</sup> Quarter – July, August, September**

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Safekeeping Treasury Quarterly Accounts Audit – Ending June 30, 2021  
Internal Audit Follow-Up Report  
Internal Audit Department Quarterly Status Report – 4th Quarter Ending June 30, 2021  
Arch and Riverboat Ticket Sales Audit  
Healthcare Claims Audit  
HR System Data Integrity Audit

**2<sup>nd</sup> Quarter – October, November, December**

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Safekeeping Treasury Quarterly Accounts Audit – Ending September 30, 2021  
Internal Audit Follow-Up Report  
Internal Audit Department Quarterly Status Report – 1st Quarter Ending September 30, 2021  
Payroll Audit  
Turnover Cost Audit

**3<sup>rd</sup> Quarter – January, February, March**

---

Safekeeping Treasury Quarterly Accounts Audit – Ending December 31, 2021  
Internal Audit Follow-Up Report  
Internal Audit Department Quarterly Status Report – 2nd Quarter Ending December 31, 2021  
Procurement Card Audit  
St. Louis Downtown Airport Revenue Audit  
Overall Risk Assessment

**4<sup>th</sup> Quarter – April, May, June**

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Safekeeping Treasury Quarterly Accounts Audit – Ending March 31, 2022  
Internal Audit Follow-Up Report  
Internal Audit Department Quarterly Status Report – 3rd Quarter Ending March 31, 2022  
Workers' Compensation Self-Insurance Fund Audit  
FY2023 Annual Audit Work Plan

*NOTE: The State Safety Oversight (SSO) Audits are presented in a separate Audit Work Plan that is based on the Calendar Year.*

**Bi-State Development  
Open Session Agenda Item  
Audit, Finance, & Administration Committee  
May 21, 2021**

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**From:** Crystal M. Messner, CIA, CFE, CISA  
Chief Audit Executive  
**Subject:** **Draft - Internal Audit Policies and Procedures Manual Revision 3**  
Briefing Paper No. 21-12  
**Disposition:** Approval  
**Presentation:** Crystal M. Messner, Chief Audit Executive

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**Objective:**

To present to the Committee the request for the Internal Audit Department's (IAD's) revised Internal Audit Policy and Procedures Manual for review and approval.

**Background:**

The Internal Audit Policies and Procedures Manual was created to provide a road map for how IAD should conduct audit activities, gives guidance on standards Auditors must follow, and designates authority and responsibility for audit documentation.

The manual was effective March 2, 2012 with a last revision approval date of June 26, 2015.

**Conclusion:**

Updates made to the policy include;

- Aligning professional standards to the most recent version of the Institute of Internal Auditor's (IIA) International Professional Practices Framework;
- Adjusting the Quality Assurance Review from three years to five years;
- Adjusting workpaper guidance to electronic files instead of paper;
- Removing U.S. Government Auditing Standards requirement;
- Adding the Internal Safety Audit Process; and
- Making basic editorial changes.

**Committee Action Requested:**

It is recommended that the Committee approve the revised Internal Audit Department Policy and Procedures Manual.

**Funding Source:**

Funding is provided through the Internal Audit Department Operating Budget.

**Attachment:**

1. Draft – 2021 Internal Audit Department Policy and Procedures Manual

DRAFT



**BI•STATE  
DEVELOPMENT**

## **INTERNAL AUDIT DEPARTMENT POLICIES AND PROCEDURES MANUAL**

**Date to be Presented to the  
Audit, Finance and Administration Committee:  
May 21, 2021**

**CRYSTAL M. MESSNER**  
*Chief Audit Executive*

**MARY C. CRYER**  
*Sr. Administrative Assistant*

**BI-STATE DEVELOPMENT  
INTERNAL AUDIT  
POLICIES AND PROCEDURES MANUAL**

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## **Section 1.1**

### **INTERNAL AUDIT CHARTER**

#### **MISSION STATEMENT**

To perform audits in accordance with the appropriate professional standards, ensure proper accountability of public funds, and to add value by promoting a control environment through open communication, professionalism, expertise and trust.

To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

#### **DEFINITION OF INTERNAL AUDIT**

A department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organization's operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

#### **SCOPE OF WORK**

The scope of work of the Internal Audit Department is to determine whether the organization's network of risk management, control, and governance processes, as designed and represented by Management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the organization's control process; and
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

Opportunities for improving Management control, profitability, and the organization's image may be identified during audits. They will be communicated to the Audit, Finance & Administration Committee and the appropriate level of Management.

## **ACCOUNTABILITY**

The Internal Audit Department shall be accountable to the Audit, Finance & Administration Committee and the Board of Commissioners to:

- Provide an assessment of the adequacy and effectiveness of the organization's process for controlling its activities and managing its risks in the areas set forth under the mission and scope of work;
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution;
- Periodically provide information on the status and results of the Annual Audit Plan and the sufficiency of department resources; and
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

## **INDEPENDENCE**

To provide for the independence of the Internal Audit Department, its personnel report to the Chief Audit Executive, who reports functionally to the Audit, Finance & Administration Committee and administratively to the Board of Commissioners, as well as coordinates with Management in an appropriate manner.

## **RESPONSIBILITY**

The Chief Audit Executive and staff of the Internal Audit Department have 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, Finance & Administration 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, Finance & Administration 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 phase;
- Issue periodic reports to the Audit, Finance & Administration Committee and Management summarizing results of audit activities;
- Keep the Audit, Finance & Administration Committee informed of emerging trends and successful practices in internal auditing;
- Provide a list of significant measurement goals and results to the Audit, Finance & Administration Committee;

- Assist in the investigation of significant suspected fraudulent activities within the organization and notify Management and the Audit, Finance & Administration 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; and
- Include any assignments given by the Audit, Finance & Administration Committee or the Board as a whole.

### **AUTHORITY**

The Chief Audit Executive, and staff of the Internal Audit Department, are authorized to:

- Have unrestricted access to all functions, records, contracts, leases, property, and personnel, which are reasonably necessary to accomplish its responsibilities;
- Have full and free access to the Audit, Finance & Administration Committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

The Chief Audit Executive, and staff of the Internal Audit Department, are not authorized to:

- Initiate or approve accounting transactions external to the Internal Audit Department; and/or
- Direct the activities of any organization employee not employed by the Internal Audit Department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

### **QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

The Internal Audit Department is responsible for establishing and reporting to Senior Management and the Audit, Finance & Administration Committee and Board of Commissioners on a Quality Assurance and Improvement Program which contains the following major elements:

- Internal Assessments, including ongoing monitoring of performance and periodic self-assessments, and
- External Assessments.

### **STANDARDS OF AUDIT PRACTICE**

The Internal Audit Department will be governed by the *Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA)*. The Internal Audit Department is committed to the implementation of the IIA's Quality Assurance and Improvement Program. The Quality Assurance and Improvement Program is designed to enable an evaluation of the internal audit activity's conformance with the definition of Internal Auditing and the Standards, and an

evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal activity and identifies opportunities for improvement.

The Internal Audit Charter approved by the Board of Commissioners requires the Internal Audit Department to maintain auditing standards consistent with those established by the IIA. An external assessment is required to be performed at least once every five (5) years by a qualified, independent reviewer or review team from outside the organization. This report represents the results of a self-assessment with independent external validation.

The Quality Assurance Review (**QAR**) rating system, to express an opinion of conformance, includes three (3) levels which contain the following:

**Generally Conforms (GC)**

GC - means the evaluator has concluded that the Internal Audit Department's charter, structure, policies, and procedures, as well as the processes by which they are applied, are judged to be in accordance with the Standards, with some opportunities for improvement being possible.

**Partially Conforms (PC)**

PC - means the evaluator has concluded that a deviation from the Standards exist and action is needed to improve conformity. These deviations are not, however, significant enough to preclude the Internal Audit Department from carrying out its responsibilities in an acceptable manner.

**Does Not Conform (DNC)**

DNC - means the evaluator has concluded the Internal Audit Department is not aware of, is not making a good-faith effort to comply with, or is failing to achieve conformity with many/all of the Standards, thus impacting its ability to carry out its mission.

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Chief Audit Executive

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President and CEO

---

Chair, Board of Commissioners

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Audit, Finance & Administration Committee Chair

Dated: \_\_\_\_/\_\_\_\_/\_\_\_\_



## **Section 1.2**

### **CODE OF ETHICS**

#### **Principles**

Internal auditors are expected to apply and uphold the following principles:

- **Integrity**

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

Internal Auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility;
- 1.2 Shall observe the law and make disclosures expected by the law and the profession;
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization; and
- 1.4 Shall respect and contribute to the legitimate and ethical objects of the organization.

- **Objectivity**

Internal auditors shall exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors shall make a balanced assessment of all the relevant circumstances and shall not be unduly influenced by their own interests or by others in forming judgments.

Internal auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interest of the organization.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

- **Confidentiality**

Internal auditors shall respect the value and ownership of information they receive and shall not disclose information without appropriate authority unless there is a legal professional obligation to do so.

Internal auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

- **Competency**

Internal auditors shall apply the knowledge, skills and experience needed in the performance of internal auditing services.

Internal auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- 4.2 Shall perform internal auditing services in accordance with the *Standards for the Professional Practice of Internal Auditing*.
- 4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.

## Section 1.3

# INSTITUTE OF INTERNAL AUDITORS PROFESSIONAL STANDARDS

### Introduction to the Standards

Internal auditing is conducted in diverse legal and cultural environments; for organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)* is essential in meeting the responsibilities of internal auditors and the internal audit activity.

The purpose of the *Standards* is to:

1. Guide adherence with the mandatory elements of the International Professional Practices Framework.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing services.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

The *Standards* are a set of principles-based, mandatory requirements consisting of:

- Statements of core requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance that are internationally applicable at organizational and individual levels.
- Interpretations clarifying terms or concepts within the *Standards*.

The *Standards*, together with the Code of Ethics, encompass all mandatory elements of the International Professional Practices Framework; therefore, conformance with the Code of Ethics and the *Standards* demonstrates conformance with all mandatory elements of the International Professional Practices Framework.

The *Standards* employ terms as defined specifically in the Glossary. To understand and apply the *Standards* correctly, it is necessary to consider the specific meanings from the Glossary. Furthermore, the *Standards* use the word “must” to specify an unconditional requirement and the word “should” where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

The *Standards* comprise two main categories: Attribute and Performance Standards. Attribute Standards address the attributes of organizations and individuals performing internal auditing. Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured. Attribute and Performance Standards apply to all internal audit services.

Implementation Standards expand upon the Attribute and Performance Standards by providing the requirements applicable to assurance (.A) or consulting (.C) services.

Assurance services involve the internal auditor's objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject

matters. The nature and scope of an assurance engagement are determined by the internal auditor. Generally, three parties are participants in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility.

The *Standards* apply to individual internal auditors and the internal audit activity. All internal auditors are accountable for conforming with the standards related to individual objectivity, proficiency, and due professional care, and the standards relevant to the performance of their job responsibilities. Chief Audit Executives are additionally accountable for the internal audit activity's overall conformance with the *Standards*.

If internal auditors or the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, conformance with all other parts of the Standards and appropriate disclosures are needed.

If the *Standards* are used in conjunction with requirements issued by other authoritative bodies, internal audit communications may also cite the use of other requirements, as appropriate. In such a case, if the internal audit activity indicates conformance with the *Standards* and inconsistencies exist between the *Standards* and other requirements, internal auditors and the internal audit activity must conform with the *Standards* and may conform with the other requirements if such requirements are more restrictive.

The review and development of the *Standards* is an ongoing process. The International Internal Audit Standards Board engages in extensive consultation and discussion before issuing the *Standards*. This includes worldwide solicitation for public comment through the exposure draft process. All exposure drafts are posted on The IIA's website as well as being distributed to all IIA institutes.

Suggestions and comments regarding the *Standards* can be sent to:

The Institute of Internal Auditors  
Standards and Guidance  
1035 Greenwood Blvd, Suite 401  
Lake Mary, FL 32746 USA

E-mail: [guidance@theiia.org](mailto:guidance@theiia.org)

Web: [www.globaliia.org](http://www.globaliia.org)

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## **STANDARDS ESTABLISHED BY THE INSTITUTE OF INTERNAL AUDITORS**

### **ATTRIBUTE STANDARDS**

#### **1000 – Purpose, Authority, and Responsibility**

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing). The Chief Audit Executive must periodically review the internal audit charter and present it to senior management and the board for approval.

##### **Interpretation:**

*The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the Chief Audit Executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.*

**1000.A1** – The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter.

**1000.C1** – The nature of consulting services must be defined in the internal audit charter.

#### **1010 – Recognizing Mandatory Guidance in the Internal Audit Charter**

The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing must be recognized in the internal audit charter. The Chief Audit Executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.

#### **1100 – Independence and Objectivity**

The internal audit activity must be independent, and internal auditors must be objective in performing their work.

##### **Interpretation:**

*Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Chief Audit Executive has direct and unrestricted access to senior management and the board.*

*This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels.*

*Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.*

## **1110 – Organizational Independence**

The Chief Audit Executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The Chief Audit Executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

### **Interpretation:**

*Organizational independence is effectively achieved when the Chief Audit Executive reports functionally to the board. Examples of functional reporting to the board involve the board:*

- *Approving the internal audit charter.*
- *Approving the risk-based internal audit plan.*
- *Approving the internal audit budget and resource plan.*
- *Receiving communications from the Chief Audit Executive on the internal audit activity's performance relative to its plan and other matters.*
- *Approving decisions regarding the appointment and removal of the Chief Audit Executive.*
- *Approving the remuneration of the Chief Audit Executive.*
- *Making appropriate inquiries of management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations.*

**1110.A1** – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The Chief Audit Executive must disclose such interference to the board and discuss the implications.

## **1111 – Direct Interaction with the Board**

The Chief Audit Executive must communicate and interact directly with the board.

## **1112 – Chief Audit Executive Roles Beyond Internal Auditing**

Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

### **Interpretation:**

*The Chief Audit Executive may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities. These roles and responsibilities may impair, or appear to impair, the organizational independence of the internal audit activity or the individual objectivity of the*

*internal auditor. Safeguards are those oversight activities, often undertaken by the board, to address these potential impairments, and may include such activities as periodically evaluating reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.*

#### **1120 – Individual Objectivity**

Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

##### **Interpretation:**

*Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.*

#### **1130 – Impairment to Independence or Objectivity**

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

##### **Interpretation:**

*Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.*

*The determination of appropriate parties to which the details of an impairment to independence or objectivity must be disclosed is dependent upon the expectations of the internal audit activity's and the Chief Audit Executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.*

**1130.A1** – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.

**1130.A2** – Assurance engagements for functions over which the Chief Audit Executive has responsibility must be overseen by a party outside the internal audit activity.

**1130.A3** – The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

**1130.C1** – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.

**1130.C2** – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.

## **1200 – Proficiency and Due Professional Care**

Engagements must be performed with proficiency and due professional care.

### **1210 – Proficiency**

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

#### **Interpretation:**

*Proficiency is a collective term that refers to the knowledge, skills, and other competencies required of internal auditors to effectively carry out their professional responsibilities. It encompasses consideration of current activities, trends, and emerging issues, to enable relevant advice and recommendations. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organizations.*

**1210.A1** – The Chief Audit Executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

**1210.A2** – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

**1210.A3** – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.

**1210.C1** – The Chief Audit Executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

### **1220 – Due Professional Care**

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.



**1220.A1** – Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement’s objectives.
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
- Adequacy and effectiveness of governance, risk management, and control processes.
- Probability of significant errors, fraud, or noncompliance.
- Cost of assurance in relation to potential benefits.

**1220.A2** – In exercising due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques.

**1220.A3** – Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

**1220.C1** – Internal auditors must exercise due professional care during a consulting engagement by considering the:

- Needs and expectations of clients, including the nature, timing, and communication of engagement results.
- Relative complexity and extent of work needed to achieve the engagement’s objectives.
- Cost of the consulting engagement in relation to potential benefits.

### **1230 – Continuing Professional Development**

Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

### **1300 – Quality Assurance and Improvement Program**

The Chief Audit Executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

#### **Interpretation:**

*A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity’s conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Chief Audit Executive should encourage board oversight in the quality assurance and improvement program.*

### **1310 – Requirements of the Quality Assurance and Improvement Program**

The quality assurance and improvement program must include both internal and external assessments.

### **1311 – Internal Assessments**

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.

#### **Interpretation:**

*Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.*

*Periodic assessments are conducted to evaluate conformance with the Code of Ethics and the Standards.*

*Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.*

### **1312 – External Assessments**

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Chief Audit Executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

#### **Interpretation:**

*External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the Code of Ethics and the Standards; the external assessment may also include operational or strategic comments.*

*A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The Chief Audit Executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.*

*An independent assessor or assessment team means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs. The Chief Audit Executive should*

*encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.*

#### **1320 – Reporting on the Quality Assurance and Improvement Program**

The Chief Audit Executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:

- The scope and frequency of both the internal and external assessments.
- The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.
- Conclusions of assessors.
- Corrective action plans.

##### **Interpretation:**

*The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and Chief Audit Executive as contained in the internal audit charter. To demonstrate conformance with the Code of Ethics and the Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments, and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.*

#### **1321 – Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*”**

Indicating that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* is appropriate only if supported by the results of the quality assurance and improvement program.

##### **Interpretation:**

*The internal audit activity conforms with the Code of Ethics and the Standards when it achieves the outcomes described therein. The results of the quality assurance and improvement program include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.*

#### **1322 – Disclosure of Nonconformance**

When nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the *Standards* impacts the overall scope or operation of the internal audit activity, the Chief Audit Executive must disclose the nonconformance and the impact to senior management and the board.

### **PERFORMANCE STANDARDS**

## **2000 – Managing the Internal Audit Activity**

The Chief Audit Executive must effectively manage the internal audit activity to ensure it adds value to the organization.

### **Interpretation:**

*The internal audit activity is effectively managed when:*

- It achieves the purpose and responsibility included in the internal audit charter.
- It conforms with the Standards.
- Its individual members conform with the Code of Ethics and the Standards.
- It considers trends and emerging issues that could impact the organization.

*The internal audit activity adds value to the organization and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.*

## **2010 – Planning**

The Chief Audit Executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.

### **Interpretation:**

*To develop the risk-based plan, the Chief Audit Executive consults with senior management and the board and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The Chief Audit Executive must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.*

**2010.A1** – The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

**2010.A2** – The Chief Audit Executive must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.

**2010.C1** – The Chief Audit Executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.

## **2020 – Communication and Approval**

The Chief Audit Executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The Chief Audit Executive must also communicate the impact of resource limitations.

**2030 – Resource Management**

The Chief Audit Executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

**Interpretation:**

*Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimizes the achievement of the approved plan.*

**2040 – Policies and Procedures**

The Chief Audit Executive must establish policies and procedures to guide the internal audit activity.

**Interpretation:**

*The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.*

**2050 – Coordination and Reliance**

The Chief Audit Executive should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.

**Interpretation:**

*In coordinating activities, the Chief Audit Executive may rely on the work of other assurance and consulting service providers. A consistent process for the basis of reliance should be established, and the Chief Audit Executive should consider the competency, objectivity, and due professional care of the assurance and consulting service providers. The Chief Audit Executive should also have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services. Where reliance is placed on the work of others, the Chief Audit Executive is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.*

**2060 – Reporting to Senior Management and the Board**

The Chief Audit Executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board.

**Interpretation:**

*The frequency and content of reporting are determined collaboratively by the Chief Audit Executive, senior management, and the board. The frequency and content of reporting depends on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and/or the board.*

*The Chief Audit Executive's reporting and communication to senior management and the board must include information about:*

- The audit charter.
- Independence of the internal audit activity.
- The audit plan and progress against the plan.
- Resource requirements.
- Results of audit activities.
- Conformance with the Code of Ethics and the Standards, and action plans to address any significant conformance issues.
- Management's response to risk that, in the Chief Audit Executive's judgment, may be unacceptable to the organization.

*These and other Chief Audit Executive communication requirements are referenced throughout the Standards.*

#### **2070 – External Service Provider and Organizational Responsibility for Internal Auditing**

When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.

##### **Interpretation:**

*This responsibility is demonstrated through the quality assurance and improvement program which assesses conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.*

#### **2100 – Nature of Work**

The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

#### **2110 – Governance**

The internal audit activity must assess and make appropriate recommendations to improve the organization's governance processes for:

- Making strategic and operational decisions.
- Overseeing risk management and control.
- Promoting appropriate ethics and values within the organization.
- Ensuring effective organizational performance management and accountability.
- Communicating risk and control information to appropriate areas of the organization.
- Coordinating the activities of, and communicating information among, the board, external and internal auditors, other assurance providers, and management.

**2110.A1** – The internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.

**2110.A2** – The internal audit activity must assess whether the information technology governance of the organization supports the organization’s strategies and objectives.

## **2120 – Risk Management**

The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

### **Interpretation:**

*Determining whether risk management processes are effective is a judgment resulting from the internal auditor’s assessment that:*

- *Organizational objectives support and align with the organization’s mission.*
- *Significant risks are identified and assessed.*
- *Appropriate risk responses are selected that align risks with the organization’s risk appetite.*
- *Relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities.*

*The internal audit activity may gather the information to support this assessment during multiple engagements. The results of these engagements, when viewed together, provide an understanding of the organization’s risk management processes and their effectiveness.*

*Risk management processes are monitored through ongoing management activities, separate evaluations, or both.*

**2120.A1** – The internal audit activity must evaluate risk exposures relating to the organization’s governance, operations, and information systems regarding the:

- Achievement of the organization’s strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts.

**2120.A2** – The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.

**2120.C1** – During consulting engagements, internal auditors must address risk consistent with the engagement’s objectives and be alert to the existence of other significant risks.

**2120.C2** – Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization’s risk management processes.

**2120.C3** – When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.

### **2130 – Control**

The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

**2130.A1** – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization’s governance, operations, and information systems regarding the:

- Achievement of the organization’s strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts.

**2130.C1** – Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organization’s control processes.

### **2200 – Engagement Planning**

Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations. The plan must consider the organization’s strategies, objectives, and risks relevant to the engagement.

### **2201 – Planning Considerations**

In planning the engagement, internal auditors must consider:

- The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.
- The significant risks to the activity’s objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.
- The adequacy and effectiveness of the activity’s governance, risk management, and control processes compared to a relevant framework or model.
- The opportunities for making significant improvements to the activity’s governance, risk management, and control processes.

**2201.A1** – When planning an engagement for parties outside the organization, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.

**2201.C1** – Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.



## **2210 – Engagement Objectives**

Objectives must be established for each engagement.

**2210.A1** – Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.

**2210.A2** – Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.

**2210.A3** – Adequate criteria are needed to evaluate governance, risk management, and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management and/or the board.

### **Interpretation:**

*Types of criteria may include:*

- *Internal (e.g., policies and procedures of the organization).*
- *External (e.g., laws and regulations imposed by statutory bodies).*
- *Leading practices (e.g., industry and professional guidance).*

**2210.C1** – Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.

**2210.C2** – Consulting engagement objectives must be consistent with the organization's values, strategies, and objectives.

## **2220 – Engagement Scope**

The established scope must be sufficient to satisfy the objectives of the engagement.

**2220.A1** – The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.

**2220.A2** – If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.

**2220.C1** – In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

**2220.C2** – During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.

**2230 – Engagement Resource Allocation**

Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

**Interpretation:**

*Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the engagement. Sufficient refers to the quantity of resources needed to accomplish the engagement with due professional care.*

**2240 – Engagement Work Program**

Internal auditors must develop and document work programs that achieve the engagement objectives.

**2240.A1** – Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

**2240.C1** – Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.

**2300 – Performing the Engagement**

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

**2310 – Identifying Information**

Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.

**Interpretation:**

*Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organization meet its goals.*

**2320 – Analysis and Evaluation**

Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.

### **2330 – Documenting Information**

Internal auditors must document relevant information to support the conclusions and engagement results.

**2330.A1** – The Chief Audit Executive must control access to engagement records. The Chief Audit Executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate.

**2330.A2** – The Chief Audit Executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

**2330.C1** – The Chief Audit Executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

### **2340 – Engagement Supervision**

Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

#### **Interpretation:**

*The extent of supervision required will depend on the proficiency and experience of internal auditors and the complexity of the engagement. The Chief Audit Executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.*

### **2400 – Communicating Results**

Internal auditors must communicate the results of engagements.

### **2410 – Criteria for Communicating**

Communications must include the engagement's objectives, scope, and results.

**2410.A1** – Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans. Where appropriate, the internal auditors' opinion should be provided. An opinion must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

#### **Interpretation:**

*Opinions at the engagement level may be ratings, conclusions, or other descriptions of the results. Such an engagement may be in relation to controls around a specific process, risk, or business unit. The formulation of such opinions requires consideration of the engagement*

*results and their significance.*

**2410.A2** – Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.

**2410.A3** – When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.

**2410.C1** – Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.

## **2420 – Quality of Communications**

Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

### **Interpretation:**

*Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness. Constructive communications are helpful to the engagement client and the organization and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.*

## **2421 – Errors and Omissions**

If a final communication contains a significant error or omission, the Chief Audit Executive must communicate corrected information to all parties who received the original communication.

## **2430 – Use of “Conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*”**

Internal auditors may report that their engagements are “conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*” only if the results of the quality assurance and improvement program support the statement.

## **2431 – Engagement Disclosure of Nonconformance**

When nonconformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:

- Principle(s) or rule(s) of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved.

- Reason(s) for nonconformance.
- Impact of nonconformance on the engagement and the communicated engagement results.

## **2440 – Disseminating Results**

The Chief Audit Executive must communicate results to the appropriate parties.

### **Interpretation:**

*The Chief Audit Executive is responsible for reviewing and approving the final engagement communication before issuance and for deciding to whom and how it will be disseminated. When the Chief Audit Executive delegates these duties, he or she retains overall responsibility.*

**2440.A1** – The Chief Audit Executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.

**2440.A2** – If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organization the Chief Audit Executive must:

- Assess the potential risk to the organization.
- Consult with senior management and/or legal counsel as appropriate.
- Control dissemination by restricting the use of the results.

**2440.C1** – The Chief Audit Executive is responsible for communicating the final results of consulting engagements to clients.

**2440.C2** – During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.

## **2450 – Overall Opinions**

When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.

### **Interpretation:**

*The communication will identify:*

- *The scope, including the time period to which the opinion pertains.*
- *Scope limitations.*
- *Consideration of all related projects, including the reliance on other assurance providers.*
- *A summary of the information that supports the opinion.*
- *The risk or control framework or other criteria used as a basis for the overall opinion.*
- *The overall opinion, judgment, or conclusion reached.*

**2500 – Monitoring Progress**

The Chief Audit Executive must establish and maintain a system to monitor the disposition of results communicated to management.

**2500.A1** – The Chief Audit Executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

**2500.C1** – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

**2600 – Resolution of Senior Management’s Acceptance of Risks**

When the Chief Audit Executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the Chief Audit Executive must discuss the matter with senior management. If the Chief Audit Executive determines that the matter has not been resolved, the Chief Audit Executive must communicate the matter to the board.

**Interpretation:**

*The identification of risk accepted by management may be observed through an assurance or consulting engagement, monitoring progress on actions taken by management as a result of prior engagements, or other means. It is not the responsibility of the Chief Audit Executive to resolve the risk.*

## **Glossary**

### **Add Value**

The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

### **Adequate Control**

Present if management has planned and organized (designed) in a manner that provides reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.

### **Assurance Services**

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

### **Audit, Finance & Administration Committee**

Audit, Finance and Administration Committee shall mean a committee compiled of the Bi-State Development Board of Commissioners.

### **Audit, Finance & Administration Committee (Revised 03/25/11, 11/18/11, and 11/18/16)**

The purpose of this Committee is to assist the Board in the oversight of the Agency's financial management and operations, including the integrity of its financial statements, the appointment and performance of its internal and external auditors and its compliance with all legal and regulatory requirements. It shall have the authority, to the extent it deems necessary, to conduct investigations and to retain independent consultants in connection with its responsibilities. Additionally, the Committee has oversight of the development of the Agency's capital and operating budgets, its cash management policies and procedures, and its policies and procedure for investments and the issuance of debt; implementing its pension, health and welfare benefits; and providing input and advocacy for the implementation of the Agency's legislative, regulatory and public relations plans.

Specific responsibilities include, but are not limited to the following:

- To review the Agency's major financial risk exposures and the adequacy of the Agency's risk management assessment and control policies.
- To directly oversee the planning, staffing and work of any independent auditors retained to perform the annual financial audit of the Agency and issue an audit report, or to perform other audits, reviews or attests services.
- To appoint and directly oversee the work of the Chief Audit Executive and the Internal Audit Department staff, including reviewing all significant reports prepared by the internal auditing department, reviewing the internal audit plan for each upcoming year, and annually evaluating the performance of the Chief Audit Executive.

### **Board**

Board shall mean Bi-State Development's Board of Commissioners. The highest level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organization's activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word "board" in the *Standards* refers to a group or person charged with governance of the organization. Furthermore, "board" in the *Standards* may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an Audit, Finance & Administration Committee).

### **Charter**

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

### **Chief Audit Executive**

Chief Audit Executive describes the role of a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The Chief Audit Executive or others reporting to the Chief Audit Executive will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the Chief Audit Executive may vary across organizations.

### **Code of Ethics**

The Code of Ethics of The Institute of Internal Auditors (**IIA**) are Principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behavior expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

### **Compliance**

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

### **Conflict of Interest**

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

### **Consulting Services**

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.



## **Control**

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

## **Control Environment**

The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

## **Control Processes**

The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organization is willing to accept.

## **Core Principles for the Professional Practice of Internal Auditing**

The Core Principles for the Professional Practice of Internal Auditing are the foundation for the International Professional Practices Framework and support internal audit effectiveness.

## **Engagement**

A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

## **Engagement Objectives**

Broad statements developed by internal auditors that define intended engagement accomplishments.

## **Engagement Opinion**

The rating, conclusion, and/or other description of results of an individual internal audit engagement, relating to those aspects within the objectives and scope of the engagement.

## **Engagement Work Program**

A document that lists the procedures to be followed during an engagement, designed to achieve the engagement plan.

## **External Service Provider**

A person or firm outside of the organization that has special knowledge, skill, and experience in a particular discipline.

**Fraud**

Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

**Governance**

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

**Impairment**

Impairment to organizational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations (funding).

**Independence**

The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

**Information Technology Controls**

Controls that support business management and governance as well as provide general and technical controls over information technology infrastructures such as applications, information, infrastructure, and people.

**Information Technology Governance**

Consists of the leadership, organizational structures, and processes that ensure that the enterprise's information technology supports the organization's strategies and objectives.

**Internal Audit Definition**

A department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organization's operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

**International Professional Practices Framework**

The conceptual framework that organizes the authoritative guidance promulgated by The IIA. Authoritative guidance is composed of two categories – (1) mandatory and (2) recommended.

**Must**

The *Standards* use the word “must” to specify an unconditional requirement.

**Objectivity**

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made.

Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

### **Overall Opinion**

The rating, conclusion, and/or other description of results provided by the Chief Audit Executive addressing, at a broad level, governance, risk management, and/or control processes of the organization. An overall opinion is the professional judgment of the Chief Audit Executive based on the results of a number of individual engagements and other activities for a specific time interval.

### **Risk**

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

### **Risk Appetite**

The level of risk that an organization is willing to accept.

### **Risk Management**

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

### **Should**

The *Standards* use the word "should" where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

### **Significance**

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

### **Standard**

A professional pronouncement promulgated by the International Internal Audit Standards Board that delineates the requirements for performing a broad range of internal audit activities and for evaluating internal audit performance.

### **Technology-based Audit Techniques**

Any automated audit tool, such as generalized audit software, test data generators, computerized audit programs, specialized audit utilities, and computer-assisted audit techniques (CAATs).

## Section 1.4

### INTERNAL SAFETY AUDIT PROCESS (ISAP)

The Internal Audit Department's goal is to assist members of the Bi-State Safety Oversight Committee (**BSSO**), Bi-State Development's Executive Safety & Security Committee (**ESSC**), and Management in the effective discharge of their responsibilities. To this end, the Internal Audit Department will furnish them with analysis, recommendations, advice, and information concerning the activities reviewed.

The Internal Audit Department has the authority and responsibility to conduct, or oversee, regular internal audits of the *Bi-State Safety Oversight Program Standards Manual* support activities and shall provide a formal report of findings to the BSSO annually to ensure effective corrective action is taken to resolve deficiencies. Auditors shall be independent from the activity being audited.

In order to achieve this mission, the Internal Audit Department has developed an audit methodology that will allow the Internal Audit Department to focus on the key issues facing the Public Transportation Agency Safety Plan (**PTASP**) and System Security Plan (**SSP**). Internal safety audits shall be conducted to determine if all organizational elements, equipment, procedures and functions are performing as intended, from a safety perspective. The Internal Safety Audit Process is intended to provide Bi-State Development (**BSD**) with mechanisms for assuring that plans are being implemented and procedures are being performed in accordance with BSD's own and with BSSO requirements. BSD must ensure that internal audits are conducted by individuals independent from the function being audited and free of any conflict of interest and/or the appearance of a conflict of interest.

The key objectives of the Internal Safety Audit Process are as follows:

1. Determining if the programs described in BSD's PTASP and SSP are being implemented through audit techniques such as interviews, document reviews, field observations, and measurements.
2. Determine if hazards exist in which BSD is non-compliant are being identified in a timely manner and appropriately tracked and mitigated, using BSD's established hazard management process.
3. Issue findings when hazardous conditions or non-compliant practices are discovered, and issue recommendations or observations when processes or procedures can be improved.
4. Work with affected departments to address findings, mitigate deficiencies, or improve business practices through development and tracking of Corrective Action Plans (**CAPs**), in accordance with the BSD and BSSO established process.

5. Determine whether the PTASP or the SSP should be updated.
6. Ensure all elements of the PTASP and the SSP are reviewed in an ongoing manner and completed over a three-year cycle.

The Internal Audit Department consultant shall develop procedures and shall document the process for the performance of ongoing internal safety and security audits. The Internal Safety and Security Audit Procedures shall, at a minimum:

1. Describe the process used by to determine if all identified elements of its PTASP and SSP are performing as intended. BSD's annual internal audit procedures and overall schedule must be delineated in its PTASP.
2. Ensure that all elements of the PTASP and SSP are reviewed in an ongoing manner and completed over a three-year cycle. The three-year cycle commences on a date designated by BSD with the intention of completing at least one-third of the elements each year.

The Internal Audit Department shall permit the BSSO to participate in these reviews at the BSSO's request. To protect the independent nature of the review, the entity leading the audit shall not be the unit in charge of implementing the items being reviewed.

### **Internal Safety Audit Scheduling**

The Internal Audit Department consultant is responsible for scheduling the annual audits, subject to BSSO approval. The Internal Audit Department consultant must notify the BSSO at least 30 calendar days before the commencement of scheduled internal audits, and at that time shall submit to the BSSO any checklists or procedures that it will use during the reviews.

The Internal Audit Department consultant, under the direction of the Chief Audit Executive, will develop, adopt, and distribute standard procedures for the Internal Safety Audit Process. Departments to be reviewed will be informed of the audit and will be provided with information regarding the purpose, scope, and content of the planned audit.

### **Internal Safety Audit Process**

The Internal Safety Audit protocol is developed in accordance with the BSSO Program Standard Manual. Internal procedures and processes are implemented to ensure standards are being met. Specific audit guidelines and written checklists are developed by the Internal Audit Department consultant to measure the success of each BSD Department in implementation of safety policies, procedures, and requirements. In each case, the audit guidelines are tailored to the unique safety responsibilities of each department.

### **Internal Safety Audit Reports**

At the conclusion of the audit, the Internal Audit Department consultant will discuss the audit findings and recommendations with the appropriate members of management to produce the draft audit report.

The draft audit report will be presented to the Bi-State Executive Safety and Security Committee for approval. Once the draft audit report is approved by the Bi-State Executive Safety and Security Committee it will be submitted to the BSSO for final review. All BSSO reviewed audit reports will be presented to the Bi-State Development Audit, Finance, and Administration Committee and Board of Commissioners.

## **Section 2.1**

### **INTERNAL CONTROL PROCEDURES**

Internal control is defined as a plan or organization, procedures and records concerned with the safeguarding of assets, which check the accuracy and reliability of accounting data, and promote operational efficiency and adherence to prescribed management policies.

Internal control can be classified as internal accounting control and administrative control.

- (1) Administrative internal control is a plan of organization, procedures and records concerned with the decision processes leading to management's authorization of transactions to promote operational efficiency and encourage adherence to prescribed policies; and
- (2) Internal accounting control is the plan of organization, procedures and records concerned with the safeguarding of assets and the reliability of financial records and designed to provide reasonable assurance that:
  - Transactions are authorized;
  - Transactions are properly recorded;
  - Access to assets is limited and permitted only in accordance with management authorization;
  - Records are compared with physical assets and variances are investigated; and
  - Recorded amounts are reviewed for impairment in asset value.

The purpose of this procedure is to identify the process for evaluating auditee internal controls. The objective is to determine to what extent the internal controls are present and operational.

Audit methods used to study and evaluate existing internal controls include:

- Internal control survey questionnaires guide the auditor to query responsible managers regarding specific or general internal controls. The questionnaires are designed so that a negative response indicates a potential internal control weakness. A negative response will cause the auditor to determine whether compensating controls are in existence, which would offset the negative response.
- Narratives may be used to describe the system of internal controls.

Documentation to support the auditor's understanding of the internal controls:

- Audit workpapers provide the support for the conclusions reached by the auditor regarding the study and evaluation of internal control;
- Only those internal control functions, which are deemed critical or important to the strength within a particular transaction cycle, should be tested and evaluated; and
- Workpapers should be prepared to highlight the internal control attributes within the processes to be evaluated.

The Auditor should determine and document the appropriate statistical sampling or data analytics method to be used.

The procedures for the study and evaluation of internal control include:

- Preliminary Survey - To obtain internal familiarization with auditee's overall organization, operation, and control systems;
- Determine Facts – To ascertain by analysis and inquiry what controls have been established;
- Walk Through – To trace selected transactions through the system to confirm whether it is functioning as described;
- Document – To prepare a procedural memorandum covering the steps above; and
- Evaluate - Make a tentative evaluation of the effectiveness of internal control.



## **Section 2.2**

### **AUDIT PLANNING MEMO**

A major function of the Audit-Planning memo is to serve as a means of communication. Existence of a plan will ensure that the Chief Audit Executive of Internal Audit and the assigned personnel have a mutual understanding of the audit objectives and how and when they are to be achieved. Elements of a good plan include:

1. Problem Definition - Why the audit is to be performed; and
2. Work Definition - Identify the major tasks to be performed.

No matter how well conceived, nearly every plan will be changed from time to time. The impact of these changes as they affect the tasks, work assignments, completion dates, etc., must be reflected in the appropriate planning documents. Failure to do so will mean that the plan will eventually become so outmoded as to become valueless.

Care must be exercised in the formulation of the plan. It must be complete as to the statement of work to be accomplished and realistic as to the estimates of time and manpower required to do the job. At the same time, caution must be used to ensure that the plan does not become too detailed. Such a plan is cumbersome to maintain and, as such, will use up too much of the "in-charge" time or not be maintained at all. Either circumstance could imperil the successful completion of the audit.

Additionally, the planning memo should include the name of the Lead Auditor and the team members. The audit objectives should also be included.

## **Section 2.3**

### **ENTRANCE CONFERENCE**

Prior to the entrance conference an Engagement Letter should be sent to the department to be audited. A copy of the letter should be sent to the person that directly supervises the auditee, President & CEO and Audit, Finance & Administration Committee Chairperson. This process is performed to communicate to the auditee the beginning date of our audit and to request from the auditee any information that will help during the preliminary section of our audit. It is also used as a mechanism to inform senior management as to the activities of the Internal Audit Department.

After completing the preliminary planning stages of the assignment, and prior to commencing the fieldwork, Audit Management and the Lead Auditor should:

- Meet with the auditee's management and key supervisory personnel. The entrance conference provides the opportunity to begin building good relationships;
- Explain the purpose of the audit, to establish the necessary working arrangements, and to gain an overall understanding of the function/department to be audited; and
- The auditor should assure that all appropriate items are discussed in sufficient detail, that the meeting is kept brief and that a cooperative atmosphere is established.

Points that should be discussed during the conference include:

**Introductions** – The opening remarks should include an introduction of the attendees.

**Scope and Objectives** – Review basic scope and objectives planned for the audit. Outline the general audit work plan. Emphasize that the purpose of the audit is to add value and improve an organization's operations by helping an organization accomplish its objectives by making recommendations to improve the effectiveness of risk management, control and governance processes. Emphasize that the initial scope of audit coverage may be modified during the audit.

**Audit Findings and Observations** – Explain how audit Findings and/or Observations will be handled, e.g., resolution of minor Findings and/or Observations; the discussion of all Observations on a current basis to permit auditee to take timely corrective action; the exit conference at the completion of the fieldwork; the review of the report draft; and the distribution of the audit report. Discuss status of prior audit Findings and/or Observations, if applicable.

**Audit Progress** – Establish a clear understanding with client management about keeping their personnel advised of the audit progress Findings and/or Observations. Determine frequency of progress updates and management levels to be apprised of audit progress and Findings and/or Observations.

**Auditee Input** – Solicit the auditee’s comments regarding aspects of the entity’s organization, operations and procedures. Extend an invitation to discuss areas in which audit attention is scheduled to be directed and any other matters or views that the auditee believes should be considered during the audit. Care must be exercised not to undertake work in an area of interest to management but not essential to the audit objectives.

**Cooperative Administration** – Inquire about working hours, access to records, staff available to work with audit staff/furnish records, available work area for auditors, the auditee’s various work deadlines and any other information which can be used to help schedule the audit activities to fit into the office routine with minimal disruption to the auditee’s personnel.

**Introduction and Tour** – Arrange to meet other personnel the auditor will be working with during the audit. Also, arrange for a familiarization tour of the physical facilities.

A summary should be written for the workpapers showing the date, attendees, items discussed, resolutions, promises, disagreements and other items to be considered during the review.

**See** Sample Entrance Conference Agendas on the following pages.

**BI-STATE DEVELOPMENT  
GATEWAY ARCH OPERATIONS AUDIT  
ENTRANCE CONFERENCE AGENDA  
[DATE]**

- I. INTRODUCTION:** Objectives, Scope
- II. METHODOLOGIES/PROCESSES**
- III. AUDIT WORK REQUIREMENTS**
- IV. MANAGEMENT CONCERNS/OTHER COMMENTS**

**BI-STATE DEVELOPMENT  
GATEWAY ARCH OPERATIONS AUDIT  
ENTRANCE CONFERENCE AGENDA  
[DATE]**

**I. INTRODUCTION:**

1. Explain Meeting Format
2. Emphasis will be given on the spirit of cooperation, working together, open door policy and helping the management to improve weaknesses, if there are any.
3. Objectives:
  - To gain an understanding of the Gateway Arch Operations process;
  - To determine whether that process is working effectively and efficiently;
  - To determine whether internal controls are in place;
  - To determine if compliance has been met as determined by the Board, Government and Management; and
4. Who is the Lead Auditor, and audit scope.

**II. METHODOLOGIES/PROCESSES:**

1. Traditional Operational Audit Objectives - ICQ, walk through of the process and the forms/reports being used, observation, extent of test and sampling based on preliminary assessments and findings in progress, various interviews as needed, and request copies of certain reports or documents.
2. While the audit is in progress, supervisor/management will be notified of possible findings prior to exit conference.
3. Usual Process: A draft report is usually issued prior to the exit conference so that management could respond to the findings and be prepared for exit discussion. It is preferable that management draft or official response and timetable of the course of actions are given for inclusion in the draft report to be discussed in the exit conference. (Provide copy of MAP). Exit conference will be scheduled and after that, the final report will be issued and submitted to the Board.
4. Provide management with a copy of the Satisfaction Survey. Mention to management at the end of the audit, we'll request completion of the Satisfaction Survey of the recently concluded audit as part of Internal Audit's ongoing process improvement.

### **III. AUDIT WORK REQUIREMENTS:**

#### **A. AUDITOR'S REQUIREMENT:**

1. Don't forget to notify the staff that there is an ongoing audit to avoid any misunderstanding.
2. We need cooperation for immediate response on questions and requests so we could finish the audit timely and be out of your way.
3. Work Area: Need a place to work when work requires the auditor to be at the Arch area.

#### **B. AUDITEE'S REQUIREMENT:**

1. Please let us know in advance if there are less desirable times, situations, and dates to perform what I need to do. I will be Flexible, and will be glad to work around situations.

### **IV. MANAGEMENT CONCERNS/OTHER COMMENTS:**

Obtain any concern that management has with regards to this unit:

1. Any areas within your control that need most attention or improvement?
2. Is there any experienced, consistent systems-related problem that impacts the effective and efficient processing of transactions?
3. Any corporate policies or procedures that you believe require change to improve the efficiency and effectiveness of the process?

## **Section 2.4**

### **AUDIT PROGRAM**

An audit program is a detailed plan for work to be performed during an audit. Well-constructed audit programs are essential to conducting audits in an efficient manner. Some of the benefits provide:

- (1) A systematic plan for each phase of the work, which can be communicated to all officials and staff members concerned.
- (2) The basis for a summary record of work actually performed.
- (3) Assistance in familiarizing successive audit groups with the nature of work previously carried out.

The program consists of specific directions for carrying out the assignment. It should be subdivided into sections covering audit objective elements and may be amended as work on the assignment progresses.

Most audit programs will be prepared from the preliminary audit approach. All audit programs should be approved by the Chief Audit Executive prior to the commencement of engagement work.

Adjustments to audit work plans should be approved in a timely manner. Initially, approval may be obtained orally, if factors preclude obtaining written approval prior to commencing audit work.

Audit programs, in addition to guiding the auditor to a successful completion of the audit, serve to document audit work in many areas.

**Heading and Completion** – Each page of the program heading should indicate the name of the company, the division/department being audited, the type of audit program and the audit date. A program approval section should be included for the Chief Audit Executive signature and a section for the date should also be included. All Audit Programs should be approved prior to the beginning of every audit.

**Objectives** - Each audit program should include an audit objectives section where the audit objectives are listed. Establishing clear objectives provides a structure and discipline that helps the auditor to focus on the expected results and avoid confusion. Clear objectives also help ensure that the audit work will be conducted timely and efficiently, and that the work will produce the desired results.

Objectives should be stated in such a way that a response can be given in specific positive terms. The method most frequently used in attempting to phrase objectives are: (1) as a “to determine” statements. For example: To determine if standard procedures are followed.

Completion of each audit step is documented by the auditor initialing the audit step and indicating the date (month/day/year). In the column beside each program step, the auditor should reference the location of the applicable workpaper. When a workpaper is not prepared, the auditor should write a clear explanation giving positive assurance that the work was performed and state the results of the work and the conclusion reached. Also, if a program step does not apply, the reason why it does not apply should be explained. Marginal comments such as “done,” “no exceptions” and N/A” are not acceptable.



## **Section 2.5**

### **AUDIT WORKPAPERS**

#### **AUDIT WORKPAPER STANDARDS**

##### **GENERAL**

Audit workpapers contain the results of internal control evaluations, analytical review, and audit tests. They serve to document the evidential matter examined, explain unusual items found, summarize deficiencies notes, and provide conclusions regarding the significant elements of each auditee's controls, financial reporting, and operating procedures. Workpapers are prepared for each assignment. They are designed to substantiate our audit concerns and reports, provide a medium for supervisory review to determine the adequacy of audit work performed, and demonstrate our compliance with the *Standards for the Professional Practice of Internal Auditing*.

##### **OBJECTIVES**

On an overall basis, workpapers provide documentation for the scope of the work performed, the sources of audit evidence examined, and the conclusions reached from our reviews. Completed audit workpapers accomplish the following objectives:

1. Provide evidence of all audit work performed.
2. Provide documentation for conclusion reached during the audit and whether audit objectives were achieved.
3. Provide support for audit concerns and the audit report.
4. Provide documentation of the internal control system and our evaluations of that system.
5. Provide a means to conduct the audit in an orderly manner – controlling what has been done, indicating what is still to be done, and giving reasons for what will be left undone.
6. Provide a ready reference for discussions with operating management or serve as a line of defense when conclusions or recommendations are challenged.
7. Provide a basis for supervisory review of the adequacy and effectiveness of audit work performed and the soundness of conclusions reached.
8. Provide a basis for appraising auditor's performance.
9. Provide reference data for peer reviews conducted by independent parties.

#### **WORKPAPERS AND THE AUDIT PROCESS**

Workpapers are prepared from the time the auditor first begins the assignment until the final report is written. The organization, design, and content of workpapers will depend upon the

nature of the audit. The workpapers should, however, document the following aspects of the audit process:

**Planning** – Resulting workpapers will include an audit program and/or modifications, financial statements and the results of an initial analytical review, organizations charts, the audit scope memorandum, time budgets, prior internal and external audit reports, memorandum of issues carried forward from the prior audit, and all other documents used in the planning process.

**Audit Test** – These workpapers document the auditing procedures performed, the information obtained, and the conclusions reached. Examples include interview memorandums, schedules of detailed tests, analyses, confirmation replies, and financial statements.

**Statistical Sampling** - Statistical or probability sampling allows the auditor to stipulate, with a given level of confidence, the condition of a large population by reviewing only a percentage of the total items. Several sampling techniques are available to the auditor:

- Attribute sampling wherein the auditor identifies the expected frequency of occurrence of an event;
- Variables sampling wherein the auditor samples for values in a population, which vary from item to item; and
- Other techniques the auditor may wish to use include Random and Judgment sampling.

**Review** – Supervisory review will be documented by the Chief Audit Executive's signature on the Audit Workpaper Checklist.

**Reporting** – Workpapers in this area will consist of the audit report including management's responses.

**Follow-up** – Workpapers will include any correspondence or memorandums regarding the audit subsequent to report issuance.

## **GENERAL WORKPAPER REQUIREMENTS**

In order to be a usable record of the audit work performed, workpapers must follow a consistent organization and format. This consistency will assist the auditor in the orderly conduct of the audit and allow for comprehensive and constructive reviews.

In preparing well-documented workpapers, the following general requirements must be observed.

### **GUIDELINES:**

**Understandable** – All workpapers must be clear and concise and require no supplementary information to be understood. Workpapers must document the source of the information, the scope of the work, the actual work performed, and the conclusions reached without raising

significant additional questions. For every concern raised in a workpaper conclusion, the disposition must be stated.

**Relevant** – Only workpapers which relate to the audit objectives or, are specifically required by the audit program should be included as workpapers.

**Electronic Files** – All electronic files pertaining to an audit are to be kept in the Internal Audit Department shared “W Drive” within the unique “Audit Project Folder” that has been created for the specific audit. Within the “Audit Project Folder” there will be a minimum of five (5) sub-folders, named as follows: Audit Planning, Workpapers, Draft Audit Report, Audit Follow-Up, and Survey Results.

No work product pertaining to an audit shall be kept in any manner on the employee’s own private “U Drive,” a “Jump Drive” and/or the “C Drive.”

Electronic files pertaining to an audit include the following items created by the auditor, such as: spreadsheets, tables, graphs, Word documents, photographs, unique files containing specific data extracted from Agency databases (i.e., Oracle), and unique files containing information extracted from external sources.

Furthermore, all electronic files shall be maintained in accordance with the “Bi-State Development Electronic Records Management Guide” contained in the Agency’s Policy and Procedures (PPM) application.

**Complete** – Audit workpapers should be complete with respect to heading, indexes, cross-references, tickmarks, legends and other explanations and conclusions. Workpapers must be able to “stand alone”. This means that all questions must be answered, all points raised by the reviewer must be cleared, and a logical, well-thought-out conclusion must be reached for each audit segment.

## **WORKPAPER ORGANIZATION**

Workpapers are to be arranged by section in the order indicated on the Table of Contents. The workpapers should include the following:

- Table of Contents
- Workpaper Checklist
- Audit Program
- Internal Control Evaluation (As Needed)
- Schedules of auditing procedures performed
- Draft Audit Report
- Final Audit Report

At the conclusion of the audit, the auditor should bind the workpapers in program section sequence, using a standard two-hole punch and “ACCO type” fastener. The audit report, workpaper review notes, and memorandum of concerns for the next audit should be filed in front of the audit program section. The auditor should prepare a file cover, which lists the name of the company, the division/department being audited and the type of audit being conducted. It should

also contain the audit completion date, the audit period covered, the name of the auditors who worked on the assignment and the program section contained (if more than one binder is used). A blank cover should be used on the back of each binder to prevent damage to the last workpapers bound. The specific project number for each audit project should also be noted on the file cover. The Chief Audit Executive will assign the specific project number.

### **SPECIFIC WORKPAPER REQUIREMENTS**

Specific guidelines have been established to have workpapers prepared in a consistent format. This format will aid in the development of new staff members, make multiple-staff audits more effective, and permit an easier review of the workpapers by third parties. Once the auditor becomes accustomed to a consistent format, he or she can spend less time on workpaper arrangement and more time concentrating on the audit at hand.

Workpapers include a wide variety of documents, as detailed previously under the “Workpapers and the Audit Process” heading. Requirements for preparing specific documents such as the audit scope memorandum and the audit report are covered in other headings. Following are the specific requirements established for the audit program the internal control evaluation, and the schedules of auditing procedures performed.

### **INTERNAL CONTROL EVALUATION (AS NEEDED)**

The internal control review may be accomplished through the use of questionnaires and procedural flowcharts or narratives. Workpapers for the control review should test compliance with BSD’s internal control policies and document how the auditor adjusted the scope of the audit based upon control weaknesses noted in this study. After completing the review, the auditor must reach a conclusion as to the amount of additional work, if any that must be performed. Generally, when a weakness is discovered, three types of conclusions can be reached:

**Weakness Mitigated** – In many cases the lack of control technique is mitigated by another control technique or segregation of duties. In any case, the auditor should clearly state that conclusion and that no further work is necessary.

**Normal Testing Required** – The auditor may determine that the potential exploration of the weakness noted in the control review will be adequately tested in the normal audit procedures as outlined in the audit program. In this case, the auditor should indicate the program step(s) where the audit work will be performed and a cross-reference to the actual workpaper being prepared.

**Additional Testing** - The auditor may also determine that because of the special nature of the unit’s operation or poor overall control environment, special testing will be required as a review for potential exploitation. In this case, the auditor should briefly summarize the additional testing, indicating where in the audit program the testing was added and cross-reference the weakness noted to the actual workpaper.

Under most circumstances an actual workpaper should never be prepared to address the control weakness discovered until applicable testing of the weakness has been completed. In addition, should subsequent testing indicate that the system of controls is not functioning as described in control review; the control review workpapers should be updated to reflect this change.

## **SCHEDULES**

The most common audit workpapers are those which document the auditing procedures performed, generally referred to as schedules. These require the following components:

**Heading** – The heading for audit schedules must include the name of the company, the division/department being audited, type of audit being conducted, type of audit step or test being performed and the audit period being audited. In addition, the auditor must sign or initial the workpaper and note the date (month/day/year) the workpaper was prepared. The signature/initials and date should be documented in the upper right corner of the workpaper.

**Objective, Source, Conclusion, Discussion and/or Procedures** – On every schedule, the auditor must state why a test(s) is being performed (**Objective**). On workpapers where the auditor selects and tests specific items, the workpaper must indicate what information or evidence was examined (**Source**). The schedule must include the date(s) that describe the time period being tested (**Conclusion**). How and where the information was selected for testing should be obtained (**Discussion and/or Procedures**).

**Indexing and Referencing** – Good indexing and referencing techniques assist the auditor in developing an organized approach to audit work and simplify the review process. Since schedules are required for the completion of many steps in the audit program, the index number assigned to most schedules is designated in the audit program.

**Conclusion** – An important element of the audit is the conclusions, which the auditor draws, based on his or her evaluations of controls and procedures. Conclusions should be clear and concise statements of the work performed and what exceptions (if any) were noted. Conclusions are also written as to the adequacy of the amount of work done in relationship to errors (if any) noted. In all cases, conclusions should be prepared that indicate audit objectives have been achieved and give positive assurance of satisfactory conditions where no exceptions have been noted.

A conclusion is required on every workpaper except schedules of simple supporting information, which are referenced to a main schedule containing a conclusion. An appropriate conclusion for a schedule of a general ledger account analysis should state whether the balance recorded in the financial records is adequately documented and is reliable. An appropriate conclusion for a schedule of a test for compliance should state whether policy has been observed. For every deficiency addressed in a workpaper conclusion, the disposition must be stated.

## **WORKPAPER REVIEW**

Audit workpapers should be reviewed to ensure that they document the completion of all required auditing procedures and that they properly support the conclusions reached and, ultimately, the audit report.

## **CONTROLLING WORKPAPERS**

Workpapers are the Audit Department's property, and they should be kept under its control. While locking away workpapers overnight is not required during an audit engagement, they should be reasonably restricted from viewing by anyone who is not in the auditor's work area. **Workpapers containing confidential data should always be safeguarded.**

## **ACCESS TO WORKPAPERS**

Workpapers developed during an audit become official records upon the issuance of the final report and must be adequately safeguarded to prevent unauthorized use or premature disclosure. Under most circumstances the use of workpapers will be restricted to auditors within the office. Because some of the data could be helpful to others in the performance of their official duties, it is general policy to furnish information or permit them to review the workpapers after they have established the validity of their requests. The Chief Audit Executive will consider each request individually. Permission to release workpapers to others must be obtained from the Chief Audit Executive.

The requests for audit data or use of workpapers may arise from the disclosure of discrepancies and deficiencies, from the desire by the operating officials to conduct a further investigation into a problem, or from their intent to follow-through on the auditors' recommendations. In cases of this type, it is usually desirable to furnish the information requested. Before any file of workpapers is made available to operating officials, it should be reviewed to determine whether it contains information that was received in confidence and which should not be disclosed to them. The audit program and other papers, which contain details of confidential nature, should be withheld.

Access to workpapers must not be allowed to become routine and should be based upon a demonstrated need-to-know.

## **SUMMARY**

The quality of audit workpapers is a major factor in determining the professional competence of any auditor. See Workpaper Checklist on next page. This checklist will be approved by the Chief Audit Executive.

**BI-STATE DEVELOPMENT  
INTERNAL AUDIT DEPARTMENT  
WORKPAPER CHECKLIST**

<b>Project Title:</b> _____	<b>Yes</b>	<b>No</b>	<b>Reference</b>
<b>Project Number:</b> _____	_____	_____	_____
1. Are audit workpapers cross-referenced to the audit program?	_____	_____	_____
2. Are the workpapers consistent in form and logical arrangement?	_____	_____	_____
3. Do workpapers contain the following:			
a) A descriptive heading?	_____	_____	_____
b) Source of information?	_____	_____	_____
c) Purpose of workpaper?	_____	_____	_____
d) The date of preparation and the auditor's initials?	_____	_____	_____
4. Do workpapers contain the following major sections:			
a) Audit Program?	_____	_____	_____
(b) Audit Documentation (findings analysis, follow-up, etc.)?	_____	_____	_____
c) Planning (project assignment, opening conference, narratives, sampling documents)?	_____	_____	_____
d) Audit Report?	_____	_____	_____
5. Are the workpapers concise, clear, accurate and complete?			
6. Do workpapers support audit findings with enough detail to substantiate them?			

\_\_\_\_\_  
Lead Auditor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chief Audit Executive

\_\_\_\_\_  
Date

## **Section 2.6**

### **EXIT CONFERENCE**

A major part of completing each audit is the Exit Conference. This will include the preparation and presentation of the written draft audit report.

#### **OBJECTIVES**

To ensure that the auditee is fully aware of all findings prior to issuance of the audit report.

1. To provide a record of the discussion of audit findings at the Exit Conference.
2. To determine concurrence/non-concurrence with recommendations and obtain auditee's comments regarding same.
3. To discuss with the auditee the course of action to be taken on each recommendation including target dates.
4. To obtain information that might clarify or explain the audit findings.

A meeting request will be sent to the auditee and the auditee's direct supervisor and/or the appropriate members of management informing them of the meeting and indicating that they are welcomed to attend if they desire. A draft audit report will be submitted to the auditee.

During the Exit Conference it should be stated and understood that responses from the auditee are due within 10 business days after the Exit Conference.



## **Section 2.7**

### **AUDIT REPORT**

#### **TYPES OF REPORTS**

There are three types of Audit Reports: **Routine, Special, and Interim.**

1. Routine audits are those set forth by the Annual Audit Plan.
2. Special reports are used to report on significant matters and could be expected to receive limited distribution and be confidential in nature.

If a Commissioner requests that the Internal Audit Department prepare a Special Report, then upon completion of the Special Report it will be sent to all Commissioners at the same time, using each Commissioner's official BSD Commissioner email address.

3. Interim reports are issued while audits are in process for the purpose of bringing findings of an urgent nature to the attention of management or to keep management informed of conditions found in audits performed over a long period of time.

#### **TIMELINESS**

When a routine report is used, the President and CEO will be provided a draft report with the briefing paper before the Audit Committee meeting, after which time the draft audit report, which shall incorporate any response received, will be issued. The draft audit report will be issued to the members of the Audit Committee for approval at the Audit Committee meeting. The approved draft audit report will be issued to the full Board of Commissioners for approval at the next Board of Commissioners meeting.

#### **RESOLUTION OF NON-CONCURRENCE CONCERNING THE AUDIT REPORT**

1. If the response to the audit report included a non-concurrence that is considered to be significant by the auditor, then a meeting shall be arranged between:
  - (a) Auditor
  - (b) Auditee
  - (c) President & CEO
  - (d) Chief Audit Executive
2. If the issue cannot be resolved, then additional audit comments regarding reasons for the difference of opinion will be incorporated into the report. The matter may be referred to the Audit, Finance & Administration Committee for resolution. The decision of the Audit, Finance & Administration Committee shall be final.

## Section 2.8

### MANAGEMENT ACTION PLAN (MAP)

#### Background

BSD's Internal Audit Department is governed by and follows the *Standards for the Professional Practice of Internal Auditing* established by the Institute of Internal Auditors. The Internal Audit Department has developed this document to provide auditees information on the audit process and to provide guidelines for responding to audit findings to ensure adherence to the Standards.

#### Process

Once the Internal Audit Department concludes the fieldwork phase of an audit, a draft Audit Report is composed and issued to the auditee. In accordance with the Internal Audit Department's Policies & Procedures, the report contains "findings, [which] are pertinent statements of fact which are necessary to support or prevent misunderstanding of the internal auditor conclusions and recommendations." The Audit Report also contains recommendations that "call for action to correct existing conditions or improve operations. Recommendations may suggest approaches to correcting or enhancing performance as a guide for management in achieving desired results." The auditee is required to respond to the findings and recommendations noted in the Audit Report. Once management's responses are received, an exit conference is scheduled and the report is discussed during that conference. Below are guidelines for developing the auditee's response. The response consists of three components: Concurrence, Action Plan, and Implementation Date.

#### 1. Concurrence

A definite statement of management's acknowledgement of the validity of the finding is necessary. This statement should be "management concurs" or "management does not concur". If management does not concur, the acknowledgement should be followed by a statement of what part of the finding management does not concur with and the reason.

#### 2. Management's Action Plan

The plan should be brief, clear and concise. It should not necessarily provide a reason for the deficiency, but the steps management will take to correct the deficiency or improve the inefficient or ineffective process. Many findings cite several points. Management's action plan should address each point and consider the recommendations provided by the Internal Audit Department. In the event management chooses to implement corrective actions other than those recommended, they should ensure all components of the finding have been addressed and that the risk mitigated by the Internal Audit Department's recommendations has been fully mitigated by the corrective actions chosen by management.

#### 3. Target Implementation Date

The Target Implementation Date should be a reasonable date in which the action plan will be implemented. Reasonableness is based on the timeliness in which management will correct the deficiency noted by the Internal Audit Department. Secondly, it is based on the ability of the auditee to meet that date.

**PLEASE NOTE:**

The Audit Report is a product of the Internal Audit Department. Therefore, the Internal Audit Department reserves the right to wordsmith Management's responses to meet the above guidelines, without changing their meaning. The Internal Audit Department also reserves the right to respond to all action plans. An auditor's response is generally included in two instances. First is in the event Management chooses an alternative method of improvement or correction than the Internal Audit Department's recommendation. Second is in the event Management does not concur with the Internal Audit Department's finding. The auditor's response contains two components: concurrence and response. The concurrence is a definite statement of auditor's acknowledgement that the action plan presented appears to be reasonable to mitigate the risk identified in the finding in a timely manner. In cases of concurrence, the response is a statement supporting Management's action plans and possibly advising Management of cautions to consider when implementing its action plan. In cases of non-concurrence the response will attempt to clarify the Internal Audit Department's position and reiterate the need for improvement. If concurrence cannot be reached between the Internal Audit Department and the auditee, the matter will be referred to the President & CEO for resolution. If resolution cannot be obtained, the matter will then be referred to the Board of Commissioners.

## Section 2.9

### REPORT FOLLOW-UP

#### AUDIT FOLLOW-UPS

1. The head of the department which was audited shall be responsible for ensuring that appropriate actions are taken in accordance with the timetables contained in the audit response. Any delays in taking such actions shall be explained in a letter from the Departmental Director to the President & CEO and the Chief Audit Executive.
2. The Chief Audit Executive 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."

Being an integral part of the internal audit process, follow-up should be scheduled, along with the other steps necessary to perform the audit. However, specific follow-up activity depends on the results of the audit and can be scheduled at the closing conference or as a separate activity.

Follow-up activities may generally be broken down into two areas:

1. Limited - Limited follow-up typically involves more auditee interaction. This may include verifying procedures or transactions, and in most cases is not accomplished through memos or phone conversations with the auditee.
2. Detailed - Detailed follow-up is usually more time consuming and can include substantial auditee involvement. Verifying procedures and audit trails as well as substantiating account balances and computerized records are examples. The more critical audit findings usually require detailed follow-up.

Follow-up scheduling can begin when corrective action is confirmed by acceptance of an audit or when management/board elects to accept the risk of not implementing the recommendation. Based on the risk and exposure involved, as well as the degree of difficulty in achieving the recommended action, follow-up activity should be scheduled to monitor the situation or confirm completion of the changes, which were planned. These same factors establish whether a simple phone call would suffice or whether further audit procedures would be required.

At the end of each quarter, a summary report is prepared. This report reflects all period findings with appropriate comments to reflect end-of-quarter status.

Additionally, this report highlights all outstanding findings from prior periods and their status. It is the intent of this summary report to track all findings so that they are appropriately resolved.

## Section 3.1

### BI-STATE DEVELOPMENT INTERNAL AUDIT DEPARTMENT ENGAGEMENT LETTER

*S A M P L E*



## Memorandum

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**To:** [Name]  
[Department/Job Title]  
  
[Name]  
[Department/Job Title]

**From:** \_\_\_\_\_  
Crystal M. Messner, CFE, CIA, CISA  
Chief Audit Executive

**Date:** [Date]

**Subject:** [Audit Name]

In accordance with the FY20XX Annual Audit Plan, the Internal Audit Department has scheduled an audit of the [Audit Name]. This audit will commence on May 10, 2021. **The Lead Auditor** for this project will be [Senior Auditor's Full Name].

[Auditor's First Name] will perform a review of the [Audit Name] process as it relates to your department. This review will require involvement from you and your staff in the form of staff interviews, procedural walkthroughs and other audit techniques as it relates to the [Audit Name] process.

If there are any additional areas that you think warrant the attention of the audit staff or that would benefit from our review, please let us know.

If you have any questions please feel free to contact me at ext. 3001. Thank you in advance for your cooperation.

cc: Commissioner Justin Zimmerman  
Taulby Roach  
Tom Curran  
File

## Section 3.2

### BI-STATE DEVELOPMENT INTERNAL AUDIT DEPARTMENT FINDING ANALYSIS

*S A M P L E*

**Project Title:**

**Project No.**

**STATEMENT OF CONDITION:** *What is*

**CRITERIA:** *What should be*

**CAUSE:** *Why the deviation from the criteria occurred. Cause explains why standards were deviated from, why goals were not met, and why objectives were not attained.*

**EFFECT:** *What happened or could happen because the condition differed from the criteria.*

**RECOMMENDATION:** *What is needed to correct the condition and improve operations.*

## INTERNAL AUDIT DEPARTMENT – TIME REPORT

**NAME: Staff Auditor**

59

## Section 3.4

### BI-STATE DEVELOPMENT INTERNAL AUDIT DEPARTMENT AUDIT EFFECTIVENESS QUESTIONNAIRE

**AUDIT:** \_\_\_\_\_ **DATE COMPLETED:** \_\_\_\_\_

Please provide your reaction to the recently completed audit by circling the number on the indicated scale to the right of each question that best reflects the manner in which you feel the audit was conducted. We would be interested in any additional comments you might have.

1= Lowest to 5 = Highest					
1. Were the objectives and scope of the audit stated clearly?	1	2	3	4	5
2. Were the stated audit objectives consistent with your objectives?	1	2	3	4	5
3. Did the auditors clearly explain to you their audit requirements (working space, required documents, etc.)?	1	2	3	4	5
4. How difficult was it for you to meet those needs?	1	2	3	4	5
5. To what degree was the audit disruptive to your operations?	1	2	3	4	5
6. Were the requests for information reasonable?	1	2	3	4	5
7. How would you rate the professionalism and competence of the auditor(s)?	1	2	3	4	5
8. Were the auditors courteous in their dealings with your staff?	1	2	3	4	5
9. How often did the auditors discuss audit progress with you?	1	2	3	4	5
10. Were the audit findings:	1	2	3	4	5
➤ consistent with the audit objectives?	1	2	3	4	5
➤ accurate?	1	2	3	4	5
➤ clearly stated and discussed with you?	1	2	3	4	5
➤ useful or of value to you?	1	2	3	4	5
11. Was a discussion draft of the audit report delivered to you in a timely manner?	1	2	3	4	5
12. Did the draft audit report accurately and clearly reflect the objectives, observations, and recommendations?	1	2	3	4	5
13. Was the time span from the start of the audit to the issuance of the final report reasonable?	1	2	3	4	5
14. Overall, how would you rate your satisfaction with the purpose, scope, objectives, conduct, and results of the audit?	1	2	3	4	5

Please provide any other comments that you feel will help us evaluate the quality and effectiveness of future audits in this department.

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Name \_\_\_\_\_ Signature \_\_\_\_\_ Date: \_\_\_\_\_

Please return the completed questionnaire at your convenience to the Internal Audit Department. It will be used to ensure on-going client satisfaction and to measure our effectiveness.



**Bi-State Development Agency  
Audit, Finance & Administration Committee  
Open Session Agenda Item  
May 21, 2021**

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**From:** Tammy Fulbright, Interim Chief Financial Officer  
**Subject:** **FY 2021 External Audit – Client Service Plan from RubinBrown**  
**Disposition:** Information  
**Presentation:** Tammy Fulbright, Interim Chief Financial Officer

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**Objective:**

To provide to the Audit, Finance and Administration Committee the FY2021 External Audit, Client Service Plan from Rubin Brown for Bi-State Development (BSD).

**Background:**

Bi-State Development is required under certain grants, statutes, bond indentures and agreements to submit financial statements for the annual audit by a firm of independent certified public accountants. Rubin Brown was awarded a five-year contract, beginning December 16, 2018. Annually, the external auditors submit their audit schedule and presentation to the Commissioners. Upon completion of this audit, they will report their findings and conclusion to the entire Board of Commissioners and may meet with the Audit Committee at any time during the year.

**Agenda:**

- Audit Team and Resources
- Scope and Objectives of the Audit
- Audit Approach and Areas of Higher Risk
- Discuss New Accounting and Auditing Matters
- Audit and Non-Audit Services performed
- Consideration of the Risk of Errors or Fraud
- Executive Session with the Committee at Committees' Discretion

**Audit Plan:**

Deliver Draft of Financial Statements, Draft Letter of Required Communication to the Board	September 30
Conduct Meeting with the Audit Committee to Review Draft Reports	October 15
Issue Final AUP – NTD Audit	October 29
Acceptance of Financial Statements by the Board of Commissioners	November 19
Issue Single Audit/OMB Uniform Guidance Report	November 30
Certify Data Collection Form to Federal Clearing House	December 30

**Committee Action Requested:**

This item is provided for information only. No action is required.

**Attachment:**

Rubin Brown – Client Service Plan

**Funding Source:**

Cost for services is included in the BSD's FY2021 Operating Budget, as approved by the Board of Commissioners.

# Bi-State Development



Audit Committee Pre-Audit Communications  
May 21, 2021



for the fiscal year ended  
June 30, 2021

# Agenda

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# Bi-State Development's Core Engagement Team

Bi-State Development

Engagement Member	Role	Telephone	Email
Renita Duncan	Engagement Partner	314-678-3546	renita.duncan@rubinbrown.com
Alisha Barnum	Engagement Manager	314-678-3596	alisha.barnum@rubinbrown.com
Kevin Luttrell	Engagement In-charge	314-678-3628	kevin.luttrell@rubinbrown.com
Jeffery Randle	Managing Member, Randle & Associates	314-731-8085	jefferyrandle@randlecpa.com
Ted Williamson	Quality Control Partner	314-678-3534	ted.williamson@rubinbrown.com

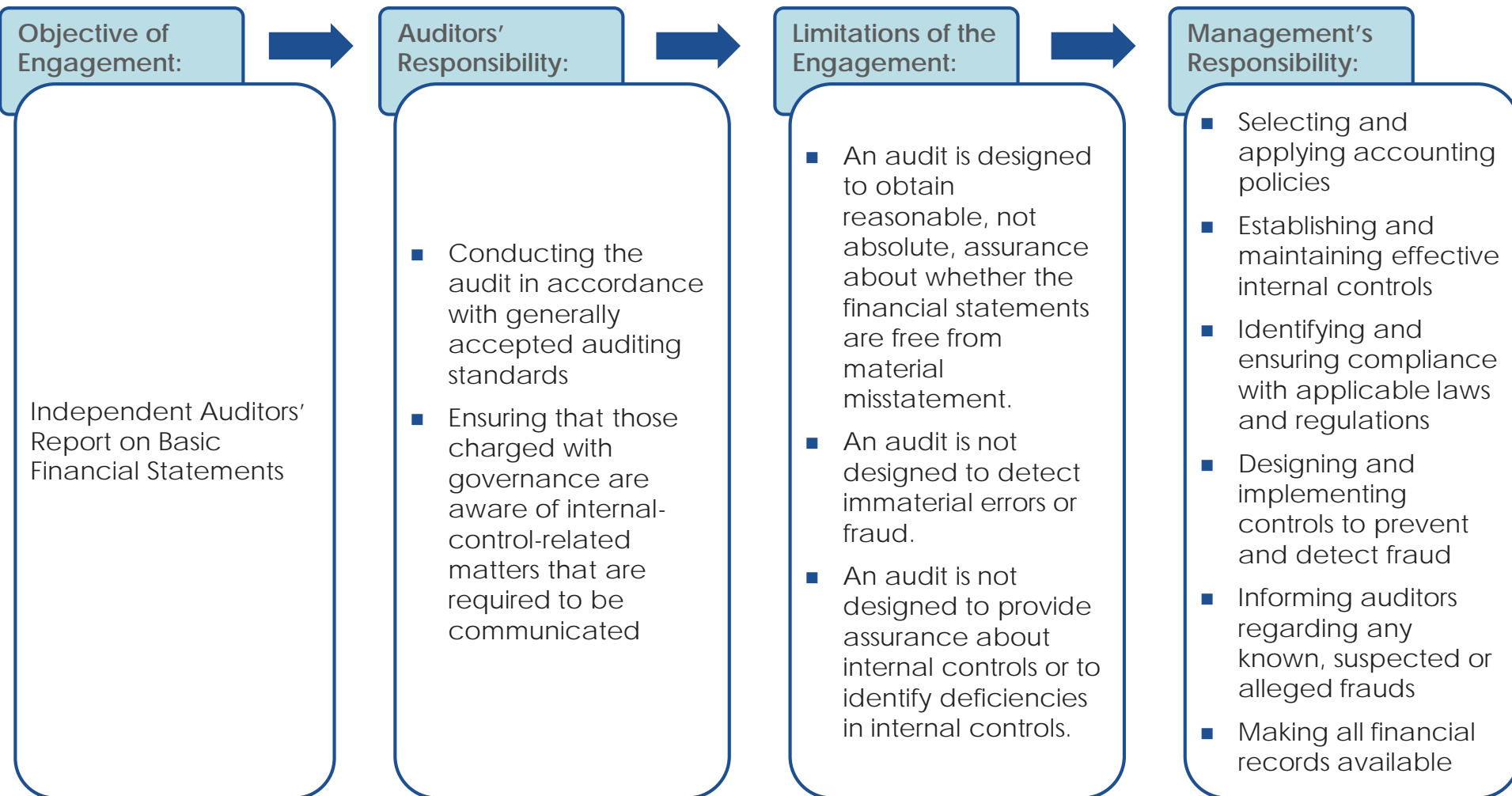
# Scope Of Services – 2021

- ❑ Independent Auditors' Report on Bi-State Development Annual Comprehensive Financial Report
- ❑ Independent Auditors' Report on the Gateway Arch Tram System Fund
- ❑ Examination of Fuel Hedge Effectiveness in accordance with GAAP
- ❑ Single Audit in accordance with Uniform Guidance
  - Non-attest services: Single Audit Report, including footnotes to the schedule of expenditures of federal awards, the summary of prior year findings and completion of the auditee section of the Data Collection Form to the Federal Audit Clearinghouse
- ❑ NTD Agreed-Upon-Procedures
- ❑ Independent Auditors' Report on Illinois Grant Accountability and Transparency Consolidated Year-End Financial Report ("GATA Report")

# Scope Of Services – 2021 *(continued)*

- ❑ Preparation of 990s
  - Research Institute
  - Arts In Transit
- ❑ Viewpoints: Report to Governance
  - Auditor communications
  - Financial schedules and observations
  - Management Letter, if necessary
  - Best practices

# Objectives And Scope Of Financial Statement Audit



# Examination Engagement

Management provides an assertion on the effectiveness of the fuel hedge

RubinBrown examines the assertion by performing procedures in accordance with Government Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*

Objectives of examination:

- 1) obtain reasonable assurance about whether Management's assertion is accurate
- 2) express an opinion as to whether fuel hedge is presented, in all material respects, in accordance with GASB Statement No. 53 (governmental GAAP)



# Engagement Timeline

## Bi-State Development

Interim Planning and Risk Assessment Procedures	April 19
Planning Discussion with Audit Committee	May 21
Interim Testing and Compliance Procedures	May 31
Fiscal Year End	June 30
Year End Testing (start date)	August 9
Bi-State Development Completes CAFR	August 23
Audit Fieldwork Substantially Complete	September 17
Deliver Draft of Financial Statements, Draft Letter of Required Communications	September 30
Present Drafts to the Audit Committee	October TBD
Issue Final AUP - NTD Audit	October 29
Acceptance of Financial Statements by the Board of Commissioners	November TBD
Issue Single Audit/OMB Uniform Guidance Report	November 30
Certify Data Collection Form to Federal Clearing House	December 30

# Audit Approach Summary

We will collaborate with Management to develop a tailored approach to the scope of services that responds to specific risks. Our approach will include the following:

- Planning, risk assessment and inquiries
- Consultation on the implementation of new standards
- Frequent communication throughout the engagement
- Customized testing approach to interim fieldwork and year-end fieldwork
- Annual debriefing

# Areas Of Focus

Area	2021 Preliminary Assessment Of Risk
<ul style="list-style-type: none"> <li>Pension &amp; OPEB liabilities, valuation assumptions and financial statement presentation and disclosures</li> <li>Non-operating revenues and federal grant funding</li> <li>Debt</li> </ul>	Higher Risk
<ul style="list-style-type: none"> <li>Operating revenues, receivables and related allowances</li> <li>Investments, specifically fair value considerations</li> <li>Payroll expense and related liabilities</li> <li>Fuel hedging derivative instruments</li> <li>Self-insurance liability, valuation assumptions</li> </ul>	Moderate Risk
<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> <li>Restricted cash and cash equivalents</li> <li>Materials, supplies, inventory and prepaid expenses</li> <li>Capital assets</li> <li>Cash disbursements, purchasing and current liabilities</li> <li>Capital leases and leaseback arrangements</li> <li>Net position</li> </ul>	Lower Risk

Is the Committee aware of anything else significant that we should incorporate into our audit plan?

Were there unusual or complex transactions during the year?

- Bond refunding, July 2020
- Implementation of GASB Statement No. 84, *Fiduciary Activities*

# Committee's Role In Oversight And Fraud Considerations

What is the Committee's Role in Oversight and Monitoring internal controls over financial reporting?

Any changes in roles and responsibilities of the Committee?

Has management reported to the Audit Committee on how internal control serves to prevent, detect or deter material misstatements due to fraud?

What are the Committee's views regarding the risks of fraud?

Any allegations, suspicions or known instances of fraud during the current year?

Any issues with compliance with required laws and regulations?

Any whistleblower reports received?

# New Financial Accounting And Reporting Statements

## **GASB Statement No. 84, *Fiduciary Activities***

- ❑ Clarifies whether a business-type activity engaging in fiduciary activities should present fiduciary statements
- ❑ Clarifies the component unit criteria and how to apply the component unit criteria to unique situations
- ❑ Clarifies the definition of fiduciary responsibility based on new definition of control and criteria
- ❑ Statement of fiduciary net position and changes in fiduciary net position would appear after the cash flow statement

**Effective for the June 30, 2021 financial statements**

**Presentation and disclosure changes for the following Bi-State Development fiduciary activities:**

- ❑ Salaried Defined Benefit Pension Plan
- ❑ OPEB Medical Trust Plan

# New Financial Accounting And Reporting Standards

## **GASB Statement No. 87, *Leases***

- ❑ Requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases

Recognize a lease liability and an intangible right-to-use lease asset

**Effective for the June 30, 2022 financial statements**

## **GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period***

- ❑ Interest costs incurred before construction is complete will not be capitalized, but instead will be expensed

**Effective for the June 30, 2022 financial statements**

# Open Forum

Bi-State Development

**Bi-State Development Agency**  
**Open Session Agenda Item**  
**Audit, Finance, and Administration Committee**  
**May 21, 2021**

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**From:** Crystal M. Messner, CIA, CFE, CISA  
Chief Audit Executive  
**Subject:** **Internal Audit Follow-Up Summary – 3rd Quarter FY2021**  
Briefing Paper No. 21-13  
**Disposition:** Information  
**Presentation:** Crystal M. Messner, Chief Audit Executive

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**Objective:**

To present to the Committee, the Internal Audit Department's (**IAD's**) Follow-Up Summary Findings, regarding the status of prior Recommendations during the 3rd Quarter Fiscal Year (**FY**) 2021, for informational purposes.

**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, the IAD regularly monitors the status of recommendations.

The Audit Follow-Up Executive Summary Report, on the following page, 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.

In response to the InterCompany Account Balances Audit that was presented to the Board of Commissioners on September 27, 2019, it was suggested that IAD inform the Board of Commissioners of the InterCompany Account Balances quarterly.



Below is the status of the InterCompany Account Balances as of March 31, 2021. (Unaudited).

Entities that are owed money:

- Transit was due \$8,759,941 from others; and
- The Worker's Compensation Internal Service Fund was due \$3,310,407 from others; and
- The Casualty Internal Service Fund was due \$631,366 from others.

Entities that owe money to others:

- The Gateway Arch owed others \$10,728,069;
- The Health and Welfare Internal Service Fund owed others \$678,142;
- The St. Louis Downtown Airport owed others \$602,422;
- The St. Louis Regional Freightway owed others \$318,340;
- Riverfront Attractions owed others \$202,725;
- Executive Services owed others \$148,261; and
- The Research Institute owed others \$23,756.

**Funding Source:**

Funding is provided through the IAD Operating Budget.

**Committee Action Requested:**

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

### Third Quarter-FY2021 Audit Follow-Up Executive Summary

Report Name	Number of Recommendations	Completed	Outstanding – Not Overdue	Overdue
Procurement Card Program Audit	11	0	11	0
Audit of Failed DOT Medical Exams	2	0	2	0
Fuel Hedging Audit (On-Call)	10	3	7	0
Disadvantaged Business Enterprises (DBE) Audit	1	0	1	0
Cortex MetroLink Station Construction Audit	3	1	2	0
HealthCare Claims Audit (On-Call)	9	8	1	0
Legal Fees Expense 5030301 Audit	6	3	3	0
InterCompany Account Balances Audit	7	6	1	0
Small Purchase Requisition Audit	7	3	4	0
Casualty Claims Audit	19	16	3	0
Payroll Hours of Service Audit	14	11	3	0
Drug and Alcohol Program Testing Audit - FY2017	11	10	1	0
SSO-Compliance, Federal, State and Local Requirements Audit	5	3	2	0
<b>TOTAL</b>	<b>105</b>	<b>64</b>	<b>41</b>	<b>0</b>

**Bi-State Development Agency**  
**Open Session Agenda Item**  
**Audit, Finance, and Administration Committee**  
**May 21, 2021**

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**From:** Crystal M. Messner, CIA, CFE, CISA  
Chief Audit Executive  
**Subject:** **Internal Audit Status Report – 3rd Quarter FY2021**  
Briefing Paper No. 21-14  
**Disposition:** Information  
**Presentation:** Crystal M. Messner, Chief Audit Executive

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**Objective:**

To present to the Committee, the Internal Audit Department's (**IAD's**) Status Report for the 3rd Quarter Fiscal Year (**FY**) 2021 for informational purposes.

**Background:**

The Internal Audit Status Report provides the Board of Commissioners, the Audit, Finance and Administration 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.

The IAD highlights for the 3rd Quarter FY2021 are as follows:

- The majority of the IAD staff continued to mainly work remotely from home in response to the COVID-19 pandemic. The remaining staff split their time between the office and home.
- On March 22<sup>nd</sup>, IAD added a contract employee, Mary Cryer, as Sr. Administrative Assistant to provide support to the CAE and Internal Auditors.
- On April 26<sup>th</sup>, IAD added a new Senior Internal Auditor, Jaine King, to the team.

**Committee Action Requested:**

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

**Funding Source:**

Funding is provided through the Internal Audit Operating Budget.

**Attachments:**

1. Internal Audit Status Report – 3rd Quarter FY2021
2. Internal Audit Status Report – Special Projects – 3rd Quarter FY2021

Fiscal Year 2021 - 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 2020		Ongoing	26.69%	620.00	158.50	7.00	165.50	454.50
Quarterly IAD Status Report	July 2020		Ongoing	26.25%	240.00	53.50	9.50	63.00	177.00
Quarterly Treasury Safekeeping Audit	July 2020		Ongoing	18.33%	240.00	44.00	0.00	44.00	196.00
Fuel Hedging Program Audit - IAD Time	January 2019	August 2020	Complete	100.00%	240.00	193.00	0.00	193.00	47.00
Disadvantaged Business Enterprise (DBE) - "Mock" Triennial Audit	June 2019	August 2020	Complete	100.00%	840.00	815.00	0.00	815.00	25.00
Cortex MetroLink Station Project Audit	July 2019	August 2020	Complete	100.00%	360.00	256.25	0.00	256.25	103.75
Procurement Card Audit	November 2019	November 2020	Complete	100.00%	360.00	345.75	0.00	345.75	14.25
Audit of Failed DOT Medical Exams	December 2019	November 2020	Complete	100.00%	320.00	289.25	0.00	289.25	30.75
Worker's Compensation Self-Insurance Fund Audit	March 2020		In Progress	42.50%	360.00	153.00	0.00	153.00	207.00
FY 2021 Annual Audit Plan	March 2020	August 2020	Complete	100.00%	120.00	35.25	0.00	35.25	84.75
IT Penetration Test - IAD Hours	April 2020		In Progress	6.25%	120.00	4.50	3.00	7.50	112.50
Ticket Vending Machines (TVM's) Audit	August 2020		In Progress	84.53%	320.00	246.50	24.00	270.50	49.50
Armored Car Contract Audit	August 2020		In Progress	95.00%	480.00	400.00	56.00	456.00	24.00
COVID-19 Emergency Procurement Process				0.00%	160.00	0.00	0.00	0.00	160.00
<b>Subtotal Audit Hours</b>					<b>4,780.00</b>	<b>2,994.50</b>	<b>99.50</b>	<b>3,094.00</b>	<b>1,686.00</b>

Fiscal Year 2021 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
Arch and Riverboat Ticket Sales Audit				0.00%	360.00	0.00	0.00	0.00	360.00
COVID-19 - CARES Act Compliance				0.00%	240.00	0.00	0.00	0.00	240.00
COVID-19 - Families First Response Act Compliance				0.00%	240.00	0.00	0.00	0.00	240.00
St. Louis Downtown Airport Revenue Audit - IAD Hours				0.00%	80.00	0.00	0.00	0.00	80.00
Shift Pick Process Audit				0.00%	160.00	0.00	0.00	0.00	160.00
Overall Risk Assessment				0.00%	240.00	0.00	0.00	0.00	240.00
DataServ Accounts Payable Audit				0.63%	160.00	0.00	1.00	1.00	159.00
Facility Lost & Found Audit				0.00%	160.00	0.00	0.00	0.00	160.00
Office Supply Program Audit				0.00%	200.00	0.00	0.00	0.00	200.00
FY2022 Annual Audit Work Plan				1.25%	80.00	0.00	1.00	1.00	79.00
<b>Grand Total Annual Audit Plan</b>					<b>6,700.00</b>	<b>2,994.50</b>	<b>101.50</b>	<b>3,096.00</b>	<b>3,604.00</b>

Fiscal Year 2020 - 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
Fuel Hedging Program Audit - On-Call Contract	March 2020	August 2020	Complete	100.00%	480.00	148.00	0.00	148.00	332.00
St. Louis Downtown Airport Revenue Audit - On-Call Contract						240.00			
On-call IT Audit - SCADA System - IAD Hours	November 2020		In Process	1.20%	1,125.00	6.50	7.00	13.50	1,111.50
Total On-Call Contract Audit Hours					1,605.00	394.50	7.00	161.50	1,443.50

<b>Fiscal Year 2021 Special Projects</b>	<b>Start Date</b>	<b>Completion Date</b>	<b>Status</b>	<b>Completion Rate (Percentage)</b>	<b>Budget</b>	<b>Hours Previous Periods</b>	<b>Hours This Quarter</b>	<b>Total Hours</b>	<b>Hours Remaining</b>
Board Meeting / Audit Committee Preparations and Meetings			Ongoing	65.75%	200.00	119.50	12.00	131.50	68.50
Intercompany Account Reconciliation	November 2020		In Process	86.93%	750.00	161.00	491.00	652.00	98.00
Consulting Services for Finance Department	March 2021		In Process	6.50%	1,000.00	0.00	65.00	65.00	935.00
On-Call Contract - RFP Evaluations			Ongoing	100.00%	50.00	47.00	3.00	50.00	0.00
Training & Professional Development			Ongoing	94.38%	160.00	61.25	89.75	151.00	9.00
Passenger Revenue Working Fund Cash Count	February 2021		In Process	13.60%	125.00	0.00	17.00	17.00	108.00
<b>Total Special Projects Hours</b>					<b>2,285.00</b>	<b>388.75</b>	<b>677.75</b>	<b>1,066.50</b>	<b>1,218.50</b>

**Bi-State Development Agency  
Open Session Agenda Item  
Audit, Finance, and Administration Committee  
May 21, 2021**

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**From:** Crystal M. Messner, CIA, CFE, CISA  
Chief Audit Executive  
**Subject:** **Internal Audit State Safety Oversight Status Report  
1st Quarter Calendar Year 2021**  
Briefing Paper No. 21-15  
**Disposition:** Information  
**Presentation:** Crystal M. Messner, Chief Audit Executive

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**Objective:**

To present to the Committee the Internal Audit Department's (**IAD's**) State Safety Oversight (**SSO**) Status Report for the 1st Quarter of Calendar Year 2021.

**Background:**

The Internal Audit Status Report provides the Board of Commissioners, the Audit, Finance and Administration Committee members and Senior Management with a summary of the IAD's quarterly activity pertaining to the Federal Transit Administration (**FTA**) Required Rail Security and Safety.

This status report tracks all current SSO Audits and special projects completed during the 1st Quarter.

The following audit activities were proposed by Internal Audit during the 1st Quarter:

1. Complete the last five (5) Audits from the BSD Internal Safety and Security Audit Program Recovery Plan.
  - Threat and Vulnerability Audit Report
  - Emergency Management Program Audit Report
  - Safety Data and Collection Audit Report
  - Security – Personal Protective Measure Audit Report
  - Drug and Alcohol Program Audit Report
2. Submit the 2020 Annual State Safety and Security Oversight Review and Certification Report;
3. Begin efforts to outsource the Internal Safety Audit Process for auditing the Public Transportation Agency Safety Plan (**PTASP**) and System Security Plan (**SSP**); and
4. Expand outsourced Audits to include Call-A-Ride and Metro-Bus.



**Conclusion:**

First quarter proposed activities were accomplished. The following Audits were completed, submitted, and approved by the Bi-State – State Safety Oversight Committee (**BSSO**):

- SSO – Safety Data Collection and Analysis Audit
- SSO – Threat and Vulnerability Audit
- SSO – Personal Security (Protective Measures) Audit
- SSO – Emergency Preparedness Program Audit
- SSO – Drug and Alcohol Program Audit

The 2020 Annual State Safety and Security Oversight Review and Certification Report was approved by the BSSO on April 26, 2021. IAD is currently reviewing the draft RFP for outsourcing the Internal Safety Audit Process which will incorporate MetroBus and Call-A-Ride Audits.

**Committee Action Requested:**

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

**Funding Source:**

Funding is provided through the Internal Audit Operating Budget.

**Attachment:**

1. CY 2021 - SSO Quarterly Status Report – 1st Quarter

Calendar Year 2021 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
SSO CAP Preparation & Follow-up	January 2021		Ongoing	0.00%	240.00	0.00	0.00	0.00	240.00
SSO Audit Plans	January 2021		Ongoing	16.88%	320.00	0.00	54.00	54.00	266.00
SSO Meetings / Executive Safety & Security Committee Meetings	January 2021		Ongoing	50.00%	120.00	0.00	60.00	60.00	60.00
Training & Professional Development	January 2021		Ongoing	7.50%	320.00	0.00	24.00	24.00	296.00
FTA Required Rail Safety Audit - Control, Review & Approval of SSPP	April 2020		In Progress	74.17%	120.00	89.00	0.00	89.00	31.00
FTA Required Rail Safety Audit - System Modification Review & Approval	October 2019		In Progress	99.91%	280.00	279.75	0.00	279.75	0.25
FTA Required Rail Security Audit - Management Structure	April 2020		In Progress	79.58%	120.00	95.50	0.00	95.50	24.50
FTA Required Rail Safety Audit - Emergency Management Program	April 2020		In Progress	127.19%	160.00	152.50	51.00	203.50	(43.50)
FTA Required Rail Safety Audit - Rules Compliance	April 2020		In Progress	95.50%	100.00	95.50	0.00	95.50	4.50
FTA Required Rail Security Audit - Configuration Management	October 2019		In Progress	95.71%	280.00	268.00	0.00	268.00	12.00
FTA Required Rail Safety Audit - Drug & Alcohol Program	September 2019		In Progress	134.38%	80.00	44.50	63.00	107.50	(27.50)
<b>Subtotal Audit Hours</b>					<b>2,140.00</b>	<b>1,024.75</b>	<b>252.00</b>	<b>1,276.75</b>	<b>863.25</b>

Calendar Year 2021 - Audit Plan	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
FTA Required Rail Safety Audit - Procurement Process	July 2020		In Progress	67.50%	80.00	54.00	0.00	54.00	26.00
FTA Required Rail Safety Audit - SSPP - Implementation Activities & Responsibilities	July 2020		In Progress	89.58%	24.00	21.50	0.00	21.50	2.50
FTA Required Rail Safety Audit - Safety & Security Certification	August 2020		In Progress	96.25%	40.00	38.50	0.00	38.50	1.50
FTA Required Rail Safety Audit -Hazard Management	August 2020		In Progress	96.25%	40.00	38.50	0.00	38.50	1.50
FTA Required Rail Safety Audit - Safety Data Collection & Analysis	August 2020		In Progress	97.50%	80.00	68.00	10.00	78.00	2.00
FTA Required Rail Safety Audit - Facility & Equipment Safety Inspections; Maintenance Audits & Inspections; Training & Certification Programs; Compliance with Federal, State & Local Requirements; and Hazardous Materials - Outsourced to an Outside Consultant - IAD Hours	October 2020		In Progress	80.31%	160.00	125.50	3.00	128.50	31.50
FTA Required Rail Security Audit - Threat & Vulnerability	August 2020		In Progress	96.25%	120.00	96.50	19.00	115.50	4.50
FTA Required Rail Security Audit - Personal Security of Passengers & Employees (Protective Measures)	August 2020		In Progress	101.25%	80.00	73.00	8.00	81.00	(1.00)
SSO Litigation Support	December 2019		In Progress	10.52%	240.00	25.25	0.00	25.25	214.75
PTASP - Audit Plan	January 2020		In Progress	33.75%	240.00	76.00	5.00	81.00	159.00
<b>Grand Total Annual Audit Plan</b>					<b>3,244.00</b>	<b>1,641.50</b>	<b>297.00</b>	<b>1,938.50</b>	<b>1,305.50</b>

Fiscal Year 2021 - Audit Plan Summary Outsourced Audit Hours	Start Date	Completion Date	Status	Completion Rate (Percentage)	Budget	Hours Previous Periods	Hours This Quarter	Total Hours	Hours Remaining
FTA Required Rail Safety Audit - Facility & Equipment Safety Inspections; Maintenance Audits & Inspections; Training & Certification Programs; Compliance with Federal, State & Local Requirements; and Hazardous Materials - Outsource to an Outside Consultant - Consultant Hours	October 2020	December 2020	Complete	100.00%	240.00	220.00	0.00	220.00	20.00
Total Outsourced Audit Hours					240.00	220.00	0.00	220.00	20.00

**Bi-State Development Agency  
Open Session Agenda Item  
Audit, Finance, and Administration Committee  
May 21, 2021**

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**From:** Crystal M. Messner, CIA, CFE, CISA  
Chief Audit Executive  
**Subject:** **Treasury-Safekeeping Quarterly Accounts – Ending December 31, 2020**  
Briefing Paper No. 21-16  
**Disposition:** Information  
**Presentation:** Crystal M. Messner, Chief Audit Executive

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**Objective:**

To provide the Committee with the results of the Treasury - Safekeeping Quarterly Accounts Audit, ending December 31, 2020.

**Background:**

In accordance with the Fiscal Year 2021 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 December 31, 2020, to identify the Securities classified under the Safekeeping Accounts criteria. Each bank custodian, where the Safekeeping Accounts are maintained, provided a statement of items held in safekeeping, along with their fair value as of December 31, 2020. This information provided the basis 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 December 31, 2020.

At December 31, 2020, BSD had approximately \$43.7 million in US Treasury and Government Agency Securities. Sales tax capital represented \$36.3 million, Illinois Allocated funds consisted of approximately \$5.0 million, and Self-Insurance Funds funds represented \$2.4 million.

**Conclusion:**

IAD has determined that the Safekeeping Accounts exist, and the respective balances in the Treasurer's Report as of December 31, 2020 are fairly presented. A summary that supports our finding is included in the attached table.

**Committee Action Requested:**

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

**Funding Source:**

Funding is provided through the Internal Audit Operating Budget.

**Attachment:**

1. Treasury Safekeeping Ending December 31, 2020.

Internal Audit Department  
**INDEPENDENT VERIFICATION for SAFEKEEPING ACCOUNTS**  
**Ending December 31, 2020**

ATTACHMENT

The Treasurer's Report as of December 31, 2020, indicates the following U. S. Securities held in Agency Safekeeping Accounts:				
Issuer-Investment (Bank Safekeeping Agent)	Treasurer's Report Balance Stated At Fair Value	Confirmed Balance Per Bank Stated At Fair Value	Variance	Description/Disposition
Farm Credit Bank (Bank of America)	\$7,498,542.00	\$7,498,543.05	\$1.05	Rounding difference
Federal Home Loan (Bank of America)	\$5,993,992.00	\$5,993,992.02	\$0.02	Rounding difference
U.S. Treasury Notes & Bills (Bank of America)	\$27,772,581.00	\$27,772,581.00	\$0.00	
U.S. Treasury STRIPS (Jefferson Bank & Trust)	\$2,402,691.00	\$2,403,085.62	\$394.62	Treasurer's report reflects the 9/30/20 fair Value.
<b>Total</b>	<b>\$43,667,806.00</b>	<b>\$43,668,201.69</b>	<b>\$395.69</b>	

**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.

# Quarterly Financial Statement

Third  
Quarter Ending  
March 31, 2021



BI-STATE  
DEVELOPMENT







To: Taulby Roach  
President and Chief Executive Officer

From: Tammy Fulbright  
Interim Senior Vice President Finance and CFO

Date: May 11, 2021

Subject: Bi-State Development Financial Statements – March 31, 2021

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Enclosed is the financial statement package for March 31, 2021. Results, including the analysis and financial position, are provided by operating unit. These interim financial statements are not in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) due to the classification of certain financial statement amounts and that there are no accompanying footnote disclosures or Management Discussion and Analysis (MD & A) sections included.

A summary of all Bi-State Development (BSD) business divisions and the self-insurance divisions indicate that the combined entity has assets of \$1.4 billion and a net loss before depreciation of \$6.2 million for the quarter ending March 31, 2021. When analyzing BSD's financial position, the primary focus is on income before depreciation. The majority of the capital program is funded through Federal grants - not profits from operations; therefore, depreciation is not funded. Net loss after depreciation is \$65.5 million. The BSD combined financials are reflected on pages 4-7.

A combining schedule of all business divisions can be viewed on pages 9-12. Within the complete package, each Bi-State Development entity has a comprehensive financial section including Financial Highlights, Performance Indicators, Statement of Activities, Statement of Financial Position, and Statement of Cash Flows, as applicable. These sections are designed to give the reader a comprehensive understanding of the financial operation of each entity.

Table 1 below summarizes BSD Combined Income (Loss) before Depreciation by entity. For the quarter ending March 31, 2021, BSD has net loss before depreciation of \$6.2 million and an unfavorable variance of \$4.9 million compared to Prior Year.

Table 2 below takes into account the impact of depreciation on the financial position of all enterprises resulting in a cumulative \$65.5 million loss.

The Finance Division is available for any questions concerning the March 31, 2021 financial report.

**Table 1**  
**BSD Combined Net Income (Loss) before Depreciation and Transfers**

	Year-to-Date				
	Actual	Budget	Prior Year	\$ Var Bgt	\$ Var Prior Yr
<b>Enterprise Funds</b>					
Executive Services	\$ (772,499)	\$ 439,555	\$ 488,010	\$ (1,212,054)	\$ (1,260,509)
Gateway Arch Tram	(2,597,840)	672,076	1,563,388	(3,269,916)	(4,161,228)
Metro	66,558	4,734,841	(959,685)	(4,668,283)	1,026,243
St. Louis Downtown Airport	(223,132)	36,199	118,370	(259,331)	(341,502)
Riverfront Attractions	(530,750)	91,645	(134,779)	(622,395)	(395,971)
St. Louis Regional Freightway	91,937	(39,009)	(305,597)	130,946	397,534
BSD Research Institute	(256,705)	(7,626)	19,023	(249,079)	(275,728)
Arts In Transit, Inc.	(2,834)	(11,394)	(6,004)	8,560	3,170
<b>Total Enterprise Funds</b>	<b>\$ (4,225,265)</b>	<b>\$ 5,916,287</b>	<b>\$ 782,726</b>	<b>\$ (10,141,552)</b>	<b>\$ (5,007,991)</b>
<b>Self-Insurance Funds</b>					
Health	(248,034)	(106,449)	(741,722)	(141,585)	493,688
Casualty	(1,353,762)	(1,310,859)	(1,501,093)	(42,903)	147,331
Workers' Compensation	(354,427)	(786,266)	130,704	431,839	(485,131)
<b>Total Self-Insurance Funds</b>	<b>\$ (1,956,223)</b>	<b>\$ (2,203,574)</b>	<b>\$ (2,112,111)</b>	<b>\$ 247,351</b>	<b>\$ 155,888</b>
<b>Total Government Wide</b>	<b>\$ (6,181,488)</b>	<b>\$ 3,712,713</b>	<b>\$ (1,329,385)</b>	<b>\$ (9,894,201)</b>	<b>\$ (4,852,103)</b>

**Table 2**  
**BSD Combined Net Income (Loss)**

	Year-to-Date				
	Actual	Budget	Prior Year	\$ Var Bgt	\$ Var Prior Yr
<b>Enterprise Funds</b>					
Executive Services	\$ (2,973,280)	\$ 439,555	\$ 488,010	\$ (3,412,835)	\$ (3,461,290)
Gateway Arch Tram	(3,032,897)	288,073	1,068,693	(3,320,970)	(4,101,590)
Metro	(60,420,144)	(54,230,997)	(60,275,675)	(6,189,147)	(144,469)
St. Louis Downtown Airport	(1,179,096)	(878,110)	(858,141)	(300,986)	(320,955)
Riverfront Attractions	1,485,850	(81,288)	(320,821)	1,567,138	1,806,671
St. Louis Regional Freightway	91,937	(39,009)	(305,597)	130,946	397,534
BSD Research Institute	(259,634)	(16,413)	10,236	(243,221)	(269,870)
Arts In Transit, Inc.	(2,834)	(11,394)	(6,004)	8,560	3,170
<b>Total Enterprise Funds</b>	<b>\$ (66,290,098)</b>	<b>\$ (54,529,583)</b>	<b>\$ (60,199,299)</b>	<b>\$ (11,760,515)</b>	<b>\$ (6,090,799)</b>
<b>Self-Insurance Funds</b>					
Health	(248,034)	(106,449)	(741,722)	(141,585)	493,688
Casualty	627,748	(9,061)	(314,355)	636,809	942,103
Workers' Compensation	444,742	(3,530)	853,724	448,272	(408,982)
<b>Total Self-Insurance Funds</b>	<b>\$ 824,456</b>	<b>\$ (119,040)</b>	<b>\$ (202,353)</b>	<b>\$ 943,496</b>	<b>\$ 1,026,809</b>
<b>Total Government Wide</b>	<b>\$ (65,465,642)</b>	<b>\$ (54,648,623)</b>	<b>\$ (60,401,652)</b>	<b>\$ (10,817,019)</b>	<b>\$ (5,063,990)</b>



# Combined Financials

<b>BSD Combined Statement of Activities .....</b>	<b>4</b>
<b>BSD Combined Statement of Financial Position.....</b>	<b>5</b>
<b>BSD Combined Statement of Cash Flows.....</b>	<b>7</b>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Bi-State Development Combined  
Statement of Activities  
For the Nine Months Ended March 31, 2021**  
(unaudited)

	<b>Business Divisions Total</b>	<b>Self-Insurance Divisions Total</b>	<b>Total</b>	<b>Eliminations</b>	<b>Bi-State Development Combined Total</b>
<b>Revenue</b>					
Passenger and service revenues	\$ 16,121,375	\$ -	\$ 16,121,375	\$ -	\$ 16,121,375
Partnership fees	300,003	-	300,003	-	300,003
City of St. Louis	19,405,598	-	19,405,598	-	19,405,598
St. Louis County	105,789,105	-	105,789,105	-	105,789,105
St. Clair County Transit District	45,507,336	-	45,507,336	-	45,507,336
State of Missouri and Illinois	806,902	-	806,902	-	806,902
Federal funding	40,263,592	-	40,263,592	-	40,263,592
Other local/regional funding	4,135,175	-	4,135,175	-	4,135,175
Not-for-profit	5,666	-	5,666	-	5,666
Advertising, maint services, rental income	4,362,494	-	4,362,494	-	4,362,494
Interest income	916,048	10,186	926,234	-	926,234
Other operating revenue	167,671	-	167,671	-	167,671
Charges for services	-	36,103,209	36,103,209	(30,298,242)	5,804,967
<b>Total revenue</b>	<b>237,780,965</b>	<b>36,113,395</b>	<b>273,894,360</b>	<b>(30,298,242)</b>	<b>243,596,118</b>
<b>Expense</b>					
Wages and benefits	157,278,641	1,419,021	158,697,662	-	158,697,662
Services	33,328,433	351,136	33,679,569	-	33,679,569
Fuel and lube consumed	6,238,255	-	6,238,255	-	6,238,255
Materials and supplies	15,973,413	13,267	15,986,680	-	15,986,680
Utilities	4,972,906	3,345	4,976,251	-	4,976,251
Casualty and liability costs	4,989,518	1,570,106	6,559,624	-	6,559,624
Other expenses	2,773,509	353,284	3,126,793	-	3,126,793
Interest expense	8,442,170	-	8,442,170	-	8,442,170
Contribution to outside entities	1,852,472	-	1,852,472	-	1,852,472
Other non-operating expense	6,156,913	-	6,156,913	-	6,156,913
Claims paid and insurance administrative costs	-	34,359,459	34,359,459	(30,298,242)	4,061,217
<b>Total expense</b>	<b>242,006,230</b>	<b>38,069,618</b>	<b>280,075,848</b>	<b>(30,298,242)</b>	<b>249,777,606</b>
<b>Income (loss) before depreciation</b>	<b>(4,225,265)</b>	<b>(1,956,223)</b>	<b>(6,181,488)</b>	<b>-</b>	<b>(6,181,488)</b>
Depreciation and amortization expense	59,284,153	-	59,284,153	-	59,284,153
<b>Net income (loss) before transfers</b>	<b>(63,509,418)</b>	<b>(1,956,223)</b>	<b>(65,465,641)</b>	<b>-</b>	<b>(65,465,641)</b>
Net transfers in (out)	(2,780,680)	2,780,679	(1)	-	(1)
<b>Net income (loss)</b>	<b>\$ (66,290,098)</b>	<b>\$ 824,456</b>	<b>\$ (65,465,642)</b>	<b>\$ -</b>	<b>\$ (65,465,642)</b>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Bi-State Development Combined  
Quarterly Statement of Financial Position  
March 31, 2021  
(unaudited)**

	<b>Business Divisions Total</b>	<b>Self-Insurance Divisions Total</b>	<b>Total</b>	<b>Eliminations</b>	<b>Bi-State Development Combined Total</b>
<b>Assets</b>					
Current assets					
Cash	\$ 178,796,003	\$ 20,728,318	\$ 199,524,321	\$ -	\$ 199,524,321
Investments	59,150,656	2,403,846	61,554,502	-	61,554,502
Accounts and notes receivable	2,683,675	198,080	2,881,755	-	2,881,755
Interfund accounts receivable	-	3,941,773	3,941,773	(3,941,773)	-
Restricted accounts receivable	654,378	617	654,995	-	654,995
Federal, state and local assistance receivable	62,995,878	-	62,995,878	-	62,995,878
Materials and supplies inventory	12,504,911	-	12,504,911	-	12,504,911
Other current assets	2,950,722	527,318	3,478,040	-	3,478,040
Total current assets	<u>319,736,223</u>	<u>27,799,952</u>	<u>347,536,175</u>	<u>(3,941,773)</u>	<u>343,594,402</u>
Capital assets					
Capital assets - motorbus	437,048,556	-	437,048,556	-	437,048,556
Capital assets - paratransit	21,324,286	-	21,324,286	-	21,324,286
Capital assets - lightrail	1,629,329,907	-	1,629,329,907	-	1,629,329,907
Capital assets	<u>75,518,939</u>	<u>-</u>	<u>75,518,939</u>	<u>-</u>	<u>75,518,939</u>
Total capital assets	2,163,221,688	-	2,163,221,688	-	2,163,221,688
Accumulated depreciation	<u>(1,478,811,732)</u>	<u>-</u>	<u>(1,478,811,732)</u>	<u>-</u>	<u>(1,478,811,732)</u>
Total capital assets, net	684,409,956	-	684,409,956	-	684,409,956
Land	101,582,953	-	101,582,953	-	101,582,953
Construction-in-process	<u>64,929,458</u>	<u>-</u>	<u>64,929,458</u>	<u>-</u>	<u>64,929,458</u>
Total capital assets	<u>850,922,367</u>	<u>-</u>	<u>850,922,367</u>	<u>-</u>	<u>850,922,367</u>
Non-current assets					
Restricted investments	131,927,261	-	131,927,261	-	131,927,261
Deferred charges	(44,683)	-	(44,683)	-	(44,683)
Other non-current assets, net amort	<u>129,973</u>	<u>-</u>	<u>129,973</u>	<u>-</u>	<u>129,973</u>
Total non-current assets	132,012,551	-	132,012,551	-	132,012,551
Total assets	<u>1,302,671,141</u>	<u>27,799,952</u>	<u>1,330,471,093</u>	<u>(3,941,773)</u>	<u>1,326,529,320</u>
<b>Deferred Outflow of Resources</b>					
Deferred pension loss	22,797,884	-	22,797,884	-	22,797,884
Deferred pension expense	5,571,100	-	5,571,100	-	5,571,100
Deferred unfunded OPEB loss	3,991,746	-	3,991,746	-	3,991,746
Deferred loss on debt refunding	<u>5,384,612</u>	<u>-</u>	<u>5,384,612</u>	<u>-</u>	<u>5,384,612</u>
Total deferred outflow of resources	37,745,342	-	37,745,342	-	37,745,342
<b>Total</b>	<u>\$ 1,340,416,483</u>	<u>\$ 27,799,952</u>	<u>\$ 1,368,216,435</u>	<u>\$ (3,941,773)</u>	<u>\$ 1,364,274,662</u>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Bi-State Development Combined  
Quarterly Statement of Financial Position  
March 31, 2021  
(unaudited)**

	<b>Business Divisions Total</b>	<b>Self-Insurance Divisions Total</b>	<b>Total</b>	<b>Eliminations</b>	<b>Bi-State Development Combined Total</b>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 11,567,092	\$ -	\$ 11,567,092	\$ -	\$ 11,567,092
Interfund accounts payable	3,263,631	678,142	3,941,773	(3,941,773)	-
Accrued expenses	18,056,135	115,428	18,171,563	-	18,171,563
Other current liabilities	9,685,147	-	9,685,147	-	9,685,147
Total current liabilities	42,572,005	793,570	43,365,575	(3,941,773)	39,423,802
Current liab payable from restricted assets					
Accounts payable and retention	57,516	-	57,516	-	57,516
Accrued interest payable	6,805,947	-	6,805,947	-	6,805,947
Short-term self-insurance	140,487	11,556,000	11,696,487	-	11,696,487
Medical self-insurance liability	-	4,354,327	4,354,327	-	4,354,327
Current portion of long-term debt	11,031,383	-	11,031,383	-	11,031,383
Total current liabilities payable from restricted assets	18,035,333	15,910,327	33,945,660	-	33,945,660
Total current liabilities	60,607,338	16,703,897	77,311,235	(3,941,773)	73,369,462
Non-current liabilities					
Other post-employment benefits	62,705,182	353,567	63,058,749	-	63,058,749
Long-term self-insurance	579,528	13,536,000	14,115,528	-	14,115,528
Long-term debt	515,822,491	-	515,822,491	-	515,822,491
Capital lease obligations	131,927,263	-	131,927,263	-	131,927,263
Unfunded pension liabilities	100,580,809	272,425	100,853,234	-	100,853,234
Other non-current liabilities	31,352,636	-	31,352,636	-	31,352,636
Total non-current liabilities	842,967,909	14,161,992	857,129,901	-	857,129,901
Total liabilities	903,575,247	30,865,889	934,441,136	(3,941,773)	930,499,363
<b>Deferred Inflow of Resources</b>					
Deferred gain on hedging instruments	2,078,546	-	2,078,546	-	2,078,546
Deferred Unfunded OPEB Gain	642,955	-	642,955	-	642,955
Deferred pension gain 788 ATU and clei	1,429,917	-	1,429,917	-	1,429,917
Deferred pension gain IBEW	37,435	-	37,435	-	37,435
Deferred pension gain salaried	552,204	-	552,204	-	552,204
Total deferred inflow of resources	4,741,057	-	4,741,057	-	4,741,057
<b>Net Position</b>					
Net position - capital investments	1,055,617,735	-	1,055,617,735	-	1,055,617,735
Net position	(557,227,458)	(3,890,393)	(561,117,851)	-	(561,117,851)
Net income (loss)	(66,290,098)	824,456	(65,465,642)	-	(65,465,642)
Total net position	432,100,179	(3,065,937)	429,034,242	-	429,034,242
<b>Total</b>	<b>\$ 1,340,416,483</b>	<b>\$ 27,799,952</b>	<b>\$ 1,368,216,435</b>	<b>\$ (3,941,773)</b>	<b>\$ 1,364,274,662</b>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Bi-State Development Combined  
Statement of Cash Flows  
For the Nine Months Ended March 31, 2021  
(unaudited)**

	<b>Business</b>	<b>Self-Insurance</b>			
	<b>Divisions Total</b>	<b>Divisions Total</b>	<b>Total</b>	<b>Eliminations</b>	<b>Bi-State Development Combined Total</b>
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 20,147,690	7,348,967	\$ 27,496,657	\$ (1,538,101)	\$ 25,958,556
Payments to employees	(157,208,384)	(1,280,596)	(158,488,980)	-	(158,488,980)
Payments to vendors	(61,025,531)	(1,764,065)	(62,789,596)	-	(62,789,596)
Payments for self-insurance	(4,979,323)	(35,567,607)	(40,546,930)	30,298,242	(10,248,688)
Receipts (payments) from inter-fund activity	2,490,592	26,269,549	28,760,141	(28,760,141)	-
<b>Net cash provided by (used in) operating activities</b>	<u>(200,574,956)</u>	<u>(4,993,752)</u>	<u>(205,568,708)</u>	<u>-</u>	<u>(205,568,708)</u>
<b>Cash flows from non capital financing activities</b>					
Operating assistance received	176,050,027	-	176,050,027	-	176,050,027
Contributions to outside entities	(2,111,686)	-	(2,111,686)	-	(2,111,686)
Net transfers	(2,780,680)	2,780,679	(1)	-	(1)
Nonoperating contributions	(6,624,309)	-	(6,624,309)	-	(6,624,309)
<b>Net cash provided by (used in) non capital financing activities</b>	<u>164,533,352</u>	<u>2,780,679</u>	<u>167,314,031</u>	<u>-</u>	<u>167,314,031</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisitions of capital assets	(42,395,221)	-	(42,395,221)	-	(42,395,221)
Payments of long-term debt	(10,530,597)	-	(10,530,597)	-	(10,530,597)
Deferred loss on refunding	(10,457,802)	-	(10,457,802)	-	(10,457,802)
Escrow Financing	21,600,000	-	21,600,000	-	21,600,000
Interest Paid	(10,712,368)	-	(10,712,368)	-	(10,712,368)
Contributed capital	43,241,196	(1)	43,241,195	-	43,241,195
<b>related financing activities</b>	<u>(9,254,792)</u>	<u>(1)</u>	<u>(9,254,793)</u>	<u>-</u>	<u>(9,254,793)</u>
<b>Cash flows from investing activities</b>					
Purchases of investments	(85,477,862)	-	(85,477,862)	-	(85,477,862)
Proceeds from sale of investments	83,517,875	-	83,517,875	-	83,517,875
Interest received	916,048	44,984	961,032	-	961,032
<b>Net cash provided by (used in) investing activities</b>	<u>(1,043,939)</u>	<u>44,984</u>	<u>(998,955)</u>	<u>-</u>	<u>(998,955)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(46,340,335)</u>	<u>(2,168,090)</u>	<u>(48,508,425)</u>	<u>-</u>	<u>(48,508,425)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>225,136,338</u>	<u>25,300,254</u>	<u>250,436,592</u>	<u>-</u>	<u>250,436,592</u>
<b>Cash and cash equivalents, year to date</b>	<u>\$ 178,796,003</u>	<u>\$ 23,132,164</u>	<u>\$ 201,928,167</u>	<u>\$ -</u>	<u>\$ 201,928,167</u>



# Business Divisions

<b>BSD Combined Statement of Activities .....</b>	<b>9</b>
<b>BSD Combined Statement of Financial Position .....</b>	<b>10</b>
<b>BSD Combined Statement of Cash Flows .....</b>	<b>12</b>



**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Business Divisions  
Combining Statement of Activities by Business Division  
For the Nine Months Ended March 31, 2021**  
(unaudited)

	Executive Services	Gateway Arch Tram	Riverfront Attractions	St. Louis Downtown Airport	Metro Transit	St. Louis Regional Freightway	Bi-State Development Research Inst.	Arts In Transit, Inc.	Totals	Eliminations	Totals After Eliminations
<b>Revenue</b>											
Passenger and service revenues	\$ -	\$ 1,216,911	\$ 726,385	\$ 1,102,496	\$ 13,082,458	\$ -	\$ -	\$ -	\$ 16,128,250	\$ (6,875)	\$ 16,121,375
Interfund administrative fees	1,952,021	-	-	-	-	-	-	-	1,952,021	(1,952,021)	-
Partnership fees	-	-	-	-	-	300,003	-	-	300,003	-	300,003
City of St. Louis	-	-	-	-	19,405,598	-	-	-	19,405,598	-	19,405,598
St. Louis County	-	-	-	-	105,789,105	-	-	-	105,789,105	-	105,789,105
St. Clair County Transit District	-	-	-	-	45,507,336	-	-	-	45,507,336	-	45,507,336
State of Missouri and Illinois	-	-	-	-	806,902	-	-	-	806,902	-	806,902
Federal funding	-	-	-	69,000	40,194,592	-	-	-	40,263,592	-	40,263,592
Other local/regional funding	-	-	-	-	4,135,175	-	-	-	4,135,175	-	4,135,175
Not-for-profit	-	-	-	-	-	-	3,000	2,666	5,666	-	5,666
Contributions	-	-	-	-	-	-	392	22,310	22,702	(22,702)	-
Advertising, maint services, rental income	-	3,505	57,265	77,427	4,224,297	-	-	-	4,362,494	-	4,362,494
Interest income	871	5,677	-	277	909,223	-	-	-	916,048	-	916,048
Other operating revenue	44,993	90,320	-	31,608	-	750	-	-	167,671	-	167,671
<b>Total revenue</b>	<u>1,997,885</u>	<u>1,316,413</u>	<u>783,650</u>	<u>1,280,808</u>	<u>234,054,686</u>	<u>300,753</u>	<u>3,392</u>	<u>24,976</u>	<u>239,762,563</u>	<u>(1,981,598)</u>	<u>237,780,965</u>
<b>Expense</b>											
Wages and benefits	1,859,447	1,512,370	825,737	745,448	152,210,568	126,207	-	10,760	157,290,537	(11,896)	157,278,641
Services	666,588	557,370	116,156	78,967	31,828,916	80,612	520	6,893	33,336,022	(7,589)	33,328,433
Fuel and lube consumed	-	11	27,729	9,519	6,200,996	-	-	-	6,238,255	-	6,238,255
Materials and supplies	5,449	191,823	158,155	13,159	15,604,827	-	-	8	15,973,421	(8)	15,973,413
Utilities	3,041	110,128	47,123	163,541	4,648,751	-	322	5	4,972,911	(5)	4,972,906
Casualty and liability costs	36,288	58,778	118,816	335,100	4,440,536	-	-	-	4,989,518	-	4,989,518
Other expenses	199,571	327,454	20,684	155,340	4,020,378	1,997	41	10,144	4,735,609	(1,962,100)	2,773,509
Interest expense	-	211,348	-	2,866	8,227,956	-	-	-	8,442,170	-	8,442,170
Contribution to outside entities	-	944,971	-	-	907,501	-	-	-	1,852,472	-	1,852,472
Other non-operating expense	-	-	-	-	5,897,699	-	259,214	-	6,156,913	-	6,156,913
<b>Total expense</b>	<u>2,770,384</u>	<u>3,914,253</u>	<u>1,314,400</u>	<u>1,503,940</u>	<u>233,988,128</u>	<u>208,816</u>	<u>260,097</u>	<u>27,810</u>	<u>243,987,828</u>	<u>(1,981,598)</u>	<u>242,006,230</u>
<b>Income (loss) before depreciation</b>	<u>(772,499)</u>	<u>(2,597,840)</u>	<u>(530,750)</u>	<u>(223,132)</u>	<u>66,558</u>	<u>91,937</u>	<u>(256,705)</u>	<u>(2,834)</u>	<u>(4,225,265)</u>	<u>-</u>	<u>(4,225,265)</u>
Depreciation and amortization expense	-	430,534	184,181	955,964	57,710,545	-	2,929	-	59,284,153	-	59,284,153
<b>Net income (loss) before transfers</b>	<u>(772,499)</u>	<u>(3,028,374)</u>	<u>(714,931)</u>	<u>(1,179,096)</u>	<u>(57,643,987)</u>	<u>91,937</u>	<u>(259,634)</u>	<u>(2,834)</u>	<u>(63,509,418)</u>	<u>-</u>	<u>(63,509,418)</u>
Net transfers in (out)	<u>(2,200,781)</u>	<u>(4,523)</u>	<u>2,200,781</u>	<u>-</u>	<u>(2,776,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,780,680)</u>	<u>-</u>	<u>(2,780,680)</u>
<b>Net income (loss)</b>	<u>\$ (2,973,280)</u>	<u>\$ (3,032,897)</u>	<u>\$ 1,485,850</u>	<u>\$ (1,179,096)</u>	<u>\$ (60,420,144)</u>	<u>\$ 91,937</u>	<u>\$ (259,634)</u>	<u>\$ (2,834)</u>	<u>\$ (66,290,098)</u>	<u>\$ -</u>	<u>\$ (66,290,098)</u>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Business Divisions  
Quarterly Statement of Financial Position  
March 31, 2021  
(unaudited)**

	Executive Services	Gateway Arch Tram	Riverfront Attractions	St. Louis Downtown Airport	Metro Transit	St. Louis Regional Freightway	Bi-State Development Research Inst.	Arts In Transit, Inc.	Totals	Interfund Eliminations	Totals After Eliminations
<b>Assets</b>											
Current assets											
Cash	\$ 1,819,720	\$ 21,475,211	\$ 38,898	\$ 1,828,436	\$ 153,308,272	\$ 119,300	\$ 110,926	\$ 95,240	\$ 178,796,003	\$ -	\$ 178,796,003
Investments	-	-	-	-	59,150,656	-	-	-	59,150,656	-	59,150,656
Accounts and notes receivable	-	5,207	18,172	79,454	2,577,642	3,200	-	-	2,683,675	-	2,683,675
Interfund accounts receivable	-	-	-	-	8,759,941	-	-	-	8,759,941	(8,759,941)	-
Restricted accounts receivable	-	-	-	-	654,378	-	-	-	654,378	-	654,378
Federal, state and local assistance receivable	-	1,304	-	71,540	62,923,034	-	-	-	62,995,878	-	62,995,878
Materials and supplies inventory	-	-	55,494	67,895	12,381,522	-	-	-	12,504,911	-	12,504,911
Other current assets	66,886	20,398	41,156	28,992	2,793,290	-	-	-	2,950,722	-	2,950,722
Total current assets	1,886,606	21,502,120	153,720	2,076,317	302,548,735	122,500	110,926	95,240	328,496,164	(8,759,941)	319,736,223
Capital assets											
Capital assets - motorbus	-	-	-	-	437,048,556	-	-	-	437,048,556	-	437,048,556
Capital assets - paratransit	-	-	-	-	21,324,286	-	-	-	21,324,286	-	21,324,286
Capital assets - lightrail	-	-	-	-	1,629,329,907	-	-	-	1,629,329,907	-	1,629,329,907
Capital assets	-	17,747,947	5,449,119	52,321,873	-	-	-	-	75,518,939	-	75,518,939
Total capital assets	-	17,747,947	5,449,119	52,321,873	2,087,702,749	-	-	-	2,163,221,688	-	2,163,221,688
Accumulated depreciation	-	(9,498,710)	(4,228,996)	(39,393,110)	(1,425,690,916)	-	-	-	(1,478,811,732)	-	(1,478,811,732)
Total capital assets, net	-	8,249,237	1,220,123	12,928,763	662,011,833	-	-	-	684,409,956	-	684,409,956
Land	-	-	-	4,542,564	97,040,389	-	-	-	101,582,953	-	101,582,953
Construction-in-process	-	7,656	3,366	266,845	64,651,591	-	-	-	64,929,458	-	64,929,458
Total capital assets	-	8,256,893	1,223,489	17,738,172	823,703,813	-	-	-	850,922,367	-	850,922,367
Non-current assets											
Restricted investments	-	-	-	-	131,927,261	-	-	-	131,927,261	-	131,927,261
Deferred charges	-	-	-	(44,683)	-	-	-	-	(44,683)	-	(44,683)
Other non-current assets, net amort	-	-	-	-	129,973	-	-	-	129,973	-	129,973
Total non-current assets	-	-	-	(44,683)	132,057,234	-	-	-	132,012,551	-	132,012,551
Total assets	1,886,606	29,759,013	1,377,209	19,769,806	1,258,309,782	122,500	110,926	95,240	1,311,431,082	(8,759,941)	1,302,671,141
Deferred outflow of resources											
Deferred pension loss	-	-	-	-	22,797,884	-	-	-	22,797,884	-	22,797,884
Deferred pension expense	-	-	-	-	5,571,100	-	-	-	5,571,100	-	5,571,100
Deferred unfunded OPEB loss	-	-	-	-	3,991,746	-	-	-	3,991,746	-	3,991,746
Deferred loss on debt refunding	-	-	-	-	5,384,612	-	-	-	5,384,612	-	5,384,612
Total deferred outflow of resources	-	-	-	-	37,745,342	-	-	-	37,745,342	-	37,745,342
<b>Total</b>	<b>\$ 1,886,606</b>	<b>\$ 29,759,013</b>	<b>\$ 1,377,209</b>	<b>\$ 19,769,806</b>	<b>\$ 1,296,055,124</b>	<b>\$ 122,500</b>	<b>\$ 110,926</b>	<b>\$ 95,240</b>	<b>\$ 1,349,176,424</b>	<b>\$ (8,759,941)</b>	<b>\$ 1,340,416,483</b>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Business Divisions  
Quarterly Statement of Financial Position  
March 31, 2021  
(unaudited)**

	Executive Services	Gateway Arch Tram	Riverfront Attractions	St. Louis Downtown Airport	Metro Transit	St. Louis Regional Freightway	Bi-State Development Research Inst.	Arts In Transit, Inc.	Totals	Interfund Eliminations	Totals After Eliminations
<b>Liabilities</b>											
Current liabilities											
Accounts payable	\$ 99,608	\$ 235,055	\$ 1,981	\$ -	\$ 11,215,448	\$ 15,000	\$ -	\$ -	\$ 11,567,092	\$ -	\$ 11,567,092
Interfund accounts payable	148,261	10,728,069	202,725	602,422	-	318,340	23,756	-	12,023,573	(8,759,941)	3,263,632
Accrued expenses	220,092	91,800	106,200	69,300	17,558,642	10,100	-	-	18,056,134	-	18,056,134
Other current liabilities	-	60,882	22,312	84,295	9,322,118	82,496	107,544	5,500	9,685,147	-	9,685,147
Total current liabilities	467,961	11,115,806	333,218	756,017	38,096,208	425,936	131,300	5,500	51,331,946	(8,759,941)	42,572,005
Current liab payable from restricted assets											
Accounts payable and retention	-	-	-	-	57,516	-	-	-	57,516	-	57,516
Accrued interest payable	-	93,726	-	-	6,712,221	-	-	-	6,805,947	-	6,805,947
Short-term insurance	-	-	-	-	140,487	-	-	-	140,487	-	140,487
Current portion of long-term debt	-	176,383	-	-	10,855,000	-	-	-	11,031,383	-	11,031,383
Total current liabilities payable from restricted assets	-	270,109	-	-	17,765,224	-	-	-	18,035,333	-	18,035,333
Total current liabilities	467,961	11,385,915	333,218	756,017	55,861,432	425,936	131,300	5,500	69,367,279	(8,759,941)	60,607,338
Non-current liabilities											
Other post-employment benefits	891,577	7,406	291,606	330,312	61,056,306	127,975	-	-	62,705,182	-	62,705,182
Long-term insurance	-	-	-	-	579,528	-	-	-	579,528	-	579,528
Long-term debt	-	6,767,202	-	-	509,055,289	-	-	-	515,822,491	-	515,822,491
Capital lease obligations	-	-	-	-	131,927,263	-	-	-	131,927,263	-	131,927,263
Unfunded pension liabilities	123,446	51,401	211,504	-	100,194,458	-	-	-	100,580,809	-	100,580,809
Other non-current liabilities	-	-	-	78,287	31,274,349	-	-	-	31,352,636	-	31,352,636
Total non-current liabilities	1,015,023	6,826,009	503,110	408,599	834,087,193	127,975	-	-	842,967,909	-	842,967,909
Total liabilities	1,482,984	18,211,924	836,328	1,164,616	889,948,625	553,911	131,300	5,500	912,335,188	(8,759,941)	903,575,247
<b>Deferred Inflow of Resources</b>											
Deferred gain on hedging instruments	-	-	-	-	2,078,546	-	-	-	2,078,546	-	2,078,546
Deferred Unfunded OPEB Gain	-	-	-	-	642,955	-	-	-	642,955	-	642,955
Deferred pension gain 788 ATU and cleri	-	-	-	-	1,429,917	-	-	-	1,429,917	-	1,429,917
Deferred pension gain IBEW	-	-	-	-	37,435	-	-	-	37,435	-	37,435
Deferred pension gain salaried	-	-	-	-	552,204	-	-	-	552,204	-	552,204
Total deferred inflow of resources	-	-	-	-	4,741,057	-	-	-	4,741,057	-	4,741,057
<b>Net Position</b>											
Net position - capital investments	-	40,621,365	2,074,387	37,462,889	975,459,094	-	-	-	1,055,617,735	-	1,055,617,735
Net position - unrestricted	3,376,902	(26,041,379)	(3,019,356)	(17,678,603)	(513,673,508)	(523,348)	239,260	92,574	(557,227,458)	-	(557,227,458)
Net income (loss)	(2,973,280)	(3,032,897)	1,485,850	(1,179,096)	(60,420,144)	91,937	(259,634)	(2,834)	(66,290,098)	-	(66,290,098)
Total net position	403,622	11,547,089	540,881	18,605,190	401,365,442	(431,411)	(20,374)	89,740	432,100,179	-	432,100,179
<b>Total</b>	<b>\$ 1,886,606</b>	<b>\$ 29,759,013</b>	<b>\$ 1,377,209</b>	<b>\$ 19,769,806</b>	<b>\$ 1,296,055,124</b>	<b>\$ 122,500</b>	<b>\$ 110,926</b>	<b>\$ 95,240</b>	<b>\$ 1,349,176,424</b>	<b>\$ (8,759,941)</b>	<b>\$ 1,340,416,483</b>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Business Divisions  
Combining Statement of Cash Flows by Business Division  
For the Nine Months Ended March 31, 2021  
(unaudited)**

	Executive Services	Gateway Arch Tram	Riverfront Attractions	St. Louis Downtown Airport	Metro Transit	St. Louis Regional Freightway	Bi-State Development Research Inst.	Arts In Transit, Inc.	Totals	Eliminations	Totals After Eliminations
<b>Cash flows from operating activities</b>											
Receipts from customers	\$ 44,993	\$ 1,307,105	\$ 791,982	\$ 1,242,530	\$ 16,449,945	\$ 297,303	\$ 3,000	\$ 10,832	\$ 20,147,690	\$ -	\$ 20,147,690
Payments to employees	(1,762,352)	(1,479,081)	(615,521)	(776,028)	(152,439,802)	(135,599)	(1)	-	(157,208,384)	-	(157,208,384)
Payments to vendors	(866,345)	(1,762,993)	(394,950)	(315,740)	(57,674,974)	(1,872)	(491)	(8,166)	(61,025,531)	-	(61,025,531)
Payments for self-insurance	(36,288)	(58,778)	(118,816)	(335,100)	(4,430,341)	-	-	-	(4,979,323)	-	(4,979,323)
Receipts (payments) from inter-fund activity	1,990,040	4,395,069	(1,609,324)	546,033	(2,774,166)	(57,532)	472	-	2,490,592	-	2,490,592
<b>Net cash provided by (used in) operating activities</b>	(629,952)	2,401,322	(1,946,629)	361,695	(200,869,338)	102,300	2,980	2,666	(200,574,956)	-	(200,574,956)
<b>Cash flows from non capital financing activities</b>											
Operating assistance received	-	-	-	-	176,050,027	-	-	-	176,050,027	-	176,050,027
Contributions to outside entities	-	(944,971)	-	-	(907,501)	-	(259,214)	-	(2,111,686)	-	(2,111,686)
Net transfers	(2,200,781)	(4,523)	2,200,781	-	(2,776,157)	-	-	-	(2,780,680)	-	(2,780,680)
Nonoperating contributions	-	-	-	-	(6,625,059)	750	-	-	(6,624,309)	-	(6,624,309)
<b>non capital financing activities</b>	(2,200,781)	(949,494)	2,200,781	-	165,741,310	750	(259,214)	-	164,533,352	-	164,533,352
<b>Cash flows from capital and related financing activities</b>											
Acquisitions of capital assets	-	(954)	(250,651)	(247,203)	(42,155,627)	-	259,214	-	(42,395,221)	-	(42,395,221)
Payments of long-term debt	-	(85,597)	-	-	(10,445,000)	-	-	-	(10,530,597)	-	(10,530,597)
Deferred loss on refunding	-	-	-	-	(10,457,802)	-	-	-	(10,457,802)	-	(10,457,802)
Escrow financing	-	-	-	-	21,600,000	-	-	-	21,600,000	-	21,600,000
Interest Paid	-	(141,146)	-	(2,866)	(10,568,356)	-	-	-	(10,712,368)	-	(10,712,368)
Contributed capital	-	-	-	124,011	43,117,185	-	-	-	43,241,196	-	43,241,196
<b>related financing activities</b>	-	(227,697)	(250,651)	(126,058)	(8,909,600)	-	259,214	-	(9,254,792)	-	(9,254,792)
<b>Cash flows from investing activities</b>											
Purchases of investments	-	-	-	-	(85,477,862)	-	-	-	(85,477,862)	-	(85,477,862)
Proceeds from sale of investments	-	-	-	-	83,517,875	-	-	-	83,517,875	-	83,517,875
Interest received	871	5,677	-	277	909,223	-	-	-	916,048	-	916,048
<b>investing activities</b>	871	5,677	-	277	(1,050,764)	-	-	-	(1,043,939)	-	(1,043,939)
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,829,862)	1,229,808	3,501	235,914	(45,088,392)	103,050	2,980	2,666	(46,340,335)	-	(46,340,335)
<b>Cash and cash equivalents, beginning of year</b>	4,649,582	20,245,403	35,397	1,592,522	198,396,664	16,250	107,946	92,574	225,136,338	-	225,136,338
<b>Cash and cash equivalents, year to date</b>	\$ 1,819,720	\$ 21,475,211	\$ 38,898	\$ 1,828,436	\$ 153,308,272	\$ 119,300	\$ 110,926	\$ 95,240	\$ 178,796,003	\$ -	\$ 178,796,003



# Executive Services

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# Executive Services – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Admin fees – Gateway Arch** is comparable to prior year but 86.4% lower than budget as a result of attendance being negatively impacted by COVID-19, resulting in a complete closure and lower attendance once the Arch reopened.
2. **Admin fees – Riverfront Attractions** budgeted for Fiscal Year 2021 were not implemented due to the adverse financial effects of COVID-19.
3. **Other operating revenue** Anticipated advertising credits did not materialize.
4. **Net loss** is \$2.97 million.

## Balance Sheet

1. **Cash** is 62.3% lower than prior year as a result of businesses impacted by Covid.

## Cash Flow

1. **Cash used in operating activities** is \$630.0 thousand cash outflow mainly due to payments to employees and vendors for the 9 months 3/31/2021.
2. **Net decrease in cash and cash equivalents** is a cash outflow of \$2.83 million due to payments of \$2.2 million for net transfers for the 9 months 3/31/2021.

**Executive Services**  
**Statement of Activities**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Admin fees - Transit	(1) \$ 620,402	\$ 765,076	\$ (144,674)	(18.9)	\$ 583,083	\$ 1,800,014	\$ 2,295,229	\$ (495,215)	(21.6)	\$ 1,823,591
Admin fees - Gateway Arch	42,595	101,029	(58,434)	(57.8)	80,353	91,417	670,248	(578,831)	(86.4)	685,565
Admin fees - Airport	20,280	21,958	(1,678)	(7.6)	20,502	60,590	65,873	(5,283)	(8.0)	62,776
Admin fees - Riverfront Attractions	(2) -	42,418	(42,418)	(100.0)	4,938	-	127,254	(127,254)	(100.0)	94,607
National Park Service management fee	13,356	113,749	(100,393)	(88.3)	43,914	44,993	341,247	(296,254)	(86.8)	284,288
Other operating revenue	(3) -	78,532	(78,532)	(100.0)	-	-	235,595	(235,595)	(100.0)	-
Interest income	54	13,125	(13,071)	(99.6)	17,473	871	39,375	(38,504)	(97.8)	67,635
<b>Total revenue</b>	<u>696,687</u>	<u>1,135,887</u>	<u>(439,200)</u>	<u>(38.7)</u>	<u>750,263</u>	<u>1,997,885</u>	<u>3,774,821</u>	<u>(1,776,936)</u>	<u>(47.1)</u>	<u>3,018,462</u>
<b>Expense</b>										
Wages and benefits	634,776	610,082	(24,694)	(4.0)	611,463	1,859,447	1,987,591	128,144	6.4	1,786,354
Services	171,175	327,299	156,124	47.7	136,431	666,588	981,896	315,308	32.1	471,634
Materials and supplies	2,814	7,069	4,255	60.2	1,388	5,449	21,206	15,757	74.3	9,184
Utilities	406	912	506	55.5	-	3,041	2,735	(306)	(11.2)	988
Casualty and liability costs	10,405	15,400	4,995	32.4	12,043	36,288	46,200	9,912	21.5	36,127
Other expenses	66,713	95,009	28,296	29.8	74,849	199,571	295,638	96,067	32.5	226,165
<b>Total expense</b>	<u>886,289</u>	<u>1,055,771</u>	<u>169,482</u>	<u>16.1</u>	<u>836,174</u>	<u>2,770,384</u>	<u>3,335,266</u>	<u>564,882</u>	<u>16.9</u>	<u>2,530,452</u>
<b>Net income (loss) before transfers</b>	(189,602)	80,116	(269,718)	(336.7)	(85,911)	(772,499)	439,555	(1,212,054)	(275.7)	488,010
<b>Net transfers in (out)</b>	-	-	-	-	-	(2,200,781)	-	(2,200,781)	-	-
<b>Net income (loss)</b>	(4) \$ <u>(189,602)</u>	\$ <u>80,116</u>	\$ <u>(269,718)</u>	<u>(336.7)</u>	\$ <u>(85,911)</u>	\$ <u>(2,973,280)</u>	\$ <u>439,555</u>	\$ <u>(3,412,835)</u>	<u>(776.4)</u>	\$ <u>488,010</u>

**Executive Services**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	(1) \$ 1,819,720	\$ 1,817,190	\$ 2,530	0.1	\$ 4,824,897	\$ (3,005,177)	(62.3)
Accounts and notes receivable	-	-	-	n/a	10,720	(10,720)	(100.0)
Other current assets	66,886	84,123	(17,237)	(20.5)	67,843	(957)	(1.4)
Total current assets	1,886,606	1,901,313	(14,707)	(0.8)	4,903,460	(3,016,854)	(61.5)
Capital assets							
Total assets	1,886,606	1,901,313	(14,707)	(0.8)	4,903,460	(3,016,854)	(61.5)
<b>Total</b>	<u>\$ 1,886,606</u>	<u>\$ 1,901,313</u>	<u>\$ (14,707)</u>	<u>(0.8)</u>	<u>\$ 4,903,460</u>	<u>\$ (3,016,854)</u>	<u>(61.5)</u>



**Executive Services**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 99,608	\$ 66,405	\$ 33,203	50.0	\$ 96,723	\$ 2,885	3.0
Interfund accounts payable	148,261	18,294	129,967	710.4	63,566	84,695	133.2
Accrued expenses	220,092	214,535	5,557	2.6	197,798	22,294	11.3
Total current liabilities	467,961	299,234	168,727	56.4	358,087	109,874	30.7
Non-current liabilities							
Other post-employment benefits	891,577	885,407	6,170	0.7	896,629	(5,052)	(0.6)
Unfunded pension liabilities	123,446	123,446	-	-	188,403	(64,957)	(34.5)
Total non-current liabilities	1,015,023	1,008,853	6,170	0.6	1,085,032	(70,009)	(6.5)
Total liabilities	1,482,984	1,308,087	174,897	13.4	1,443,119	39,865	2.8
<b>Net Position</b>							
Net position	3,376,902	3,376,902	-	-	2,972,331	404,571	13.6
Net income (loss)	(2,973,280)	(2,783,676)	(189,602)	(6.8)	488,010	(3,461,290)	(709.3)
Total net position	403,622	593,226	(189,604)	(32.0)	3,460,341	(3,056,719)	(88.3)
<b>Total</b>	\$ 1,886,606	\$ 1,901,313	\$ (14,707)	(0.8)	\$ 4,903,460	\$ (3,016,854)	(61.5)

**Executive Services**  
**Statement of Cash Flows**  
**For the Nine Months Ended March 31, 2021**  
(unaudited)

**Cash flows from operating activities**

Receipts from customers	\$ 44,993
Payments to employees	(1,762,352)
Payments to vendors	(866,345)
Payments for self-insurance	(36,288)
Receipts (payments) from inter-fund activity	<u>1,990,040</u>

**Net cash provided by (used in)  
operating activities**

**(1)** (629,952)

**Cash flows from non capital financing activities**

Net transfers	(2,200,781)
---------------	-------------

**Net cash provided by (used in)  
non capital financing activities**

(2,200,781)

**Cash flows from capital and related financing activities**

None

**Cash flows from investing activities**

Interest received	<u>871</u>
-------------------	------------

**Net cash provided by (used in)  
investing activities**

871

**Net increase (decrease) in cash  
and cash equivalents**

**(2)** (2,829,862)

**Cash and cash equivalents, beginning of year**

4,649,582

**Cash and cash equivalents, year to date**

\$ 1,819,720

**Supplemental disclosure of cash flow information**

**Noncash Activities:**

Changes in Unfunded Pension Liability \$ 77,486



# Gateway Arch

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# Gateway Arch Tram – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Arch ticket revenue.** The trams were open at the start of September. Ticket volume was substantially lower (81.3% below budget) than expected due to continuing COVID-19 concerns.
2. **Total expenses decreased** \$872 thousand from the prior year due to a decrease in other expenses for the quarter.
3. **Net loss before depreciation** is \$2.6 million.

## Balance Sheet

1. **None to report**

## Cash Flow

1. **Net cash provided by operating activities** resulted in a net cash inflow of \$2.4 million due primarily to Inter-fund activity payments and customer receipts.
2. **Net Cash outflows for Capital Assets** was \$228 thousand
3. **Net cash activity year-to-date** is \$1.2 million cash inflow.

## Performance Indicators

1. **Tram Ridership** experienced a 5.7% increase from the second quarter of the current year. The newly renovated Arch grounds and museum has been open for a full year, however St. Louis Convention business and regional and national tourism is currently trending down. In addition, the Tram was forced to close March 17, 2020 as a result of the COVID-19 pandemic. Tram ticket sales resumed September 2020. Each month in the quarter have been steady.

# Gateway Arch Tram – Performance Indicators

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

	Tram Ridership		
Quarter	FY 2021	FY 2020	Change
1st Qtr	13,518	303,904	-95.6%
2nd Qtr	49,527	150,021	-67.0%
(1) 3rd Qtr	52,338	86,418	-39.4%
4th Qtr			
Fiscal Year	115,383	540,343	-78.6%

The Tram closed March 17, 2020 due to the COVID-19 pandemic; 15 days third quarter FY20.  
The Tram was closed the entire quarter due to the COVID-19 pandemic; 91 days fourth quarter FY20.

**Gateway Arch Tram**  
**Statement of Activities**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Arch tickets	(1) \$ 563,776	\$ 1,333,908	\$ (770,132)	(57.7)	\$ 904,027	\$ 1,216,911	\$ 6,510,790	\$ (5,293,879)	(81.3)	\$ 5,933,788
Other operating revenue	1,792	3,013	(1,221)	(40.5)	8,828	3,505	29,146	(25,641)	(88.0)	32,023
Service fee revenue	44,004	42,735	1,269	3.0	31,421	92,526	194,154	(101,628)	(52.3)	187,511
Interest income	881	41,244	(40,363)	(97.9)	65,478	5,677	102,192	(96,515)	(94.4)	225,152
Sales discount	(1,072)	(20,008)	18,936	94.6	(3,328)	(2,206)	(97,661)	95,455	97.7	(28,707)
<b>Total revenue</b>	<u>609,381</u>	<u>1,400,892</u>	<u>(791,511)</u>	<u>(56.5)</u>	<u>1,006,426</u>	<u>1,316,413</u>	<u>6,738,621</u>	<u>(5,422,208)</u>	<u>(80.5)</u>	<u>6,349,767</u>
<b>Expense</b>										
Wages and benefits	445,728	633,808	188,080	29.7	474,033	1,512,370	2,153,445	641,075	29.8	1,629,356
Services	268,163	246,012	(22,151)	(9.0)	209,489	557,370	929,452	372,082	40.0	766,760
Fuel and lube consumed	11	-	(11)	-	-	11	-	(11)	-	-
Materials and supplies	38,073	115,497	77,424	67.0	20,055	191,823	346,490	154,667	44.6	185,967
Utilities	19,484	30,562	11,078	36.2	29,797	110,128	102,686	(7,442)	(7.2)	99,339
Casualty and liability costs	19,593	21,499	1,906	8.9	17,927	58,778	64,498	5,720	8.9	53,781
Other expenses	120,970	365,137	244,167	66.9	205,972	327,454	1,462,572	1,135,118	77.6	1,024,148
Interest expense	69,714	-	(69,714)	-	71,415	211,348	141,146	(70,202)	(49.7)	216,416
Contribution to outside entities	68,165	288,752	220,587	76.4	430,472	944,971	866,256	(78,715)	(9.1)	810,612
<b>Total expense</b>	<u>(2) 1,049,901</u>	<u>1,701,267</u>	<u>651,366</u>	<u>38.3</u>	<u>1,459,160</u>	<u>3,914,253</u>	<u>6,066,545</u>	<u>2,152,292</u>	<u>35.5</u>	<u>4,786,379</u>
<b>Income (loss) before depreciation</b>	<u>(3) (440,520)</u>	<u>(300,375)</u>	<u>(140,145)</u>	<u>(46.7)</u>	<u>(452,734)</u>	<u>(2,597,840)</u>	<u>672,076</u>	<u>(3,269,916)</u>	<u>(486.5)</u>	<u>1,563,388</u>
Depreciation and amortization expense	<u>148,235</u>	<u>118,743</u>	<u>(29,492)</u>	<u>(24.8)</u>	<u>163,998</u>	<u>430,534</u>	<u>384,003</u>	<u>(46,531)</u>	<u>(12.1)</u>	<u>490,743</u>
<b>Net income (loss) before transfers</b>	<u>(588,755)</u>	<u>(419,118)</u>	<u>(169,637)</u>	<u>(40.5)</u>	<u>(616,732)</u>	<u>(3,028,374)</u>	<u>288,073</u>	<u>(3,316,447)</u>	<u>(1,151.3)</u>	<u>1,072,645</u>
<b>Net transfers in (out)</b>	<u>(1,508)</u>	<u>-</u>	<u>(1,508)</u>	<u>-</u>	<u>(1,260)</u>	<u>(4,523)</u>	<u>-</u>	<u>(4,523)</u>	<u>-</u>	<u>(3,952)</u>
<b>Net income (loss)</b>	<u>\$ (590,263)</u>	<u>\$ (419,118)</u>	<u>\$ (171,145)</u>	<u>(40.8)</u>	<u>\$ (617,992)</u>	<u>\$ (3,032,897)</u>	<u>\$ 288,073</u>	<u>\$ (3,320,970)</u>	<u>(1,152.8)</u>	<u>\$ 1,068,693</u>

**Gateway Arch Tram**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	\$ 21,475,211	\$ 20,617,042	\$ 858,169	4.2	\$ 21,120,429	\$ 354,782	1.7
Accounts and notes receivable	5,207	4,041	1,166	28.9	5,222	(15)	(0.3)
Federal, state and local assistance receivable	1,304	1,304	-	-	-	1,304	n/a
Other current assets	20,398	52,865	(32,467)	(61.4)	18,472	1,926	10.4
Total current assets	21,502,120	20,675,252	826,868	4.0	21,144,123	357,997	1.7
Capital assets							
Capital assets	17,747,947	17,724,779	23,168	0.1	17,317,064	430,883	2.5
Accumulated depreciation	(9,498,710)	(9,350,475)	(148,235)	(1.6)	(8,830,377)	(668,333)	(7.6)
Total capital assets, net	8,249,237	8,374,304	(125,067)	(1.5)	8,486,687	(237,450)	(2.8)
Construction-in-process	7,656	24,225	(16,569)	(68.4)	24,241	(16,585)	(68.4)
Total capital assets	8,256,893	8,398,529	(141,636)	(1.7)	8,510,928	(254,035)	(3.0)
Total assets	29,759,013	29,073,781	685,232	2.4	29,655,051	103,962	0.4
<b>Total</b>	<u>\$ 29,759,013</u>	<u>\$ 29,073,781</u>	<u>\$ 685,232</u>	2.4	<u>\$ 29,655,051</u>	<u>\$ 103,962</u>	0.4

**Gateway Arch Tram**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 235,055	\$ 167,756	\$ 67,299	40.1	\$ 204,025	\$ 31,030	15.2
Interfund accounts payable	10,728,069	9,608,065	1,120,004	11.7	5,488,575	5,239,494	95.5
Accrued expenses	91,800	91,800	-	-	83,336	8,464	10.2
Other current liabilities	60,882	45,101	15,781	35.0	75,839	(14,957)	(19.7)
Total current liabilities	11,115,806	9,912,722	1,203,084	12.1	5,851,775	5,264,031	90.0
Current liab payable from restricted assets							
Accrued interest payable	93,726	24,012	69,714	290.3	96,014	(2,288)	(2.4)
Current portion of long-term debt	176,383	176,383	-	-	169,508	6,875	4.1
Total current liabilities payable from restricted assets	270,109	200,395	69,714	34.8	265,522	4,587	1.7
Total current liabilities	11,385,915	10,113,117	1,272,798	12.6	6,117,297	5,268,618	86.1
Non-current liabilities							
Other post-employment benefits	7,406	4,710	2,696	57.2	6,047	1,359	22.5
Long-term debt	6,767,202	6,767,202	-	-	6,943,585	(176,383)	(2.5)
Unfunded pension liabilities	51,401	51,401	-	-	50,751	650	1.3
Total non-current liabilities	6,826,009	6,823,313	2,696	-	7,000,383	(174,374)	(2.5)
Total liabilities	18,211,924	16,936,430	1,275,494	7.5	13,117,680	5,094,244	38.8
<b>Net Position</b>							
Net position - capital investments	40,621,365	40,621,365	-	-	18,909,295	21,712,070	114.8
Net position	(26,041,379)	(26,041,379)	-	-	(3,440,617)	(22,600,762)	(656.9)
Net income (loss)	(3,032,897)	(2,442,635)	(590,263)	(24.2)	1,068,693	(4,101,590)	(383.8)
Total net position	11,547,089	12,137,351	(590,262)	(4.9)	16,537,371	(4,990,282)	(30.2)
<b>Total</b>	<u>\$ 29,759,013</u>	<u>\$ 29,073,781</u>	<u>\$ 685,232</u>	<u>2.4</u>	<u>\$ 29,655,051</u>	<u>\$ 103,962</u>	<u>0.4</u>



**Gateway Arch**  
**Statement of Cash Flows**  
**For the Nine Months Ended March 31, 2021**  
**(unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 1,307,105
Payments to employees	(1,479,081)
Payments to vendors	(1,762,993)
Payments for self-insurance	(58,778)
Receipts (payments) from inter-fund activity	<u>4,395,069</u>

**Net cash provided by (used in)  
operating activities**

**(1)** 2,401,322

**Cash flows from non capital financing activities**

Contributions to outside entities	(944,971)
Net transfers	<u>(4,523)</u>

**Net cash provided by (used in)  
non capital financing activities**

(949,494)

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	(954)
Payments of long-term debt	(85,597)
Interest Paid	<u>(141,146)</u>

**Cash flows from capital and  
related financing activities**

**(2)** (227,697)

**Cash flows from investing activities**

Interest received	<u>5,677</u>
-------------------	--------------

**Net cash provided by (used in)  
investing activities**

5,677

**Net increase (decrease) in cash  
and cash equivalents**

**(3)** 1,229,808

**Cash and cash equivalents, beginning of year**

20,245,403

**Cash and cash equivalents, year to date**

\$ 21,475,211

**Supplemental disclosure of cash flow information**

**Noncash Activities:**

Changes in Unfunded Pension Liability \$ 25,883

The background of the page is a light blue map showing a dense network of white lines representing transit routes. Small white dots are placed along these lines at intervals, likely representing stations. The map covers the entire page, with a higher density of routes in the central and right-hand areas.

# Metro Transit

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# Metro Transit – Financial Notes

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Passenger revenue** Overall revenue is down \$15.7 million or 54.6% compared to budget. This is being driven by the pandemic and its reach.
2. **St. Louis City's current revenue** remitted applied to operations was \$19.4 million, which is materially unfavorable to budget and prior year.
3. **St. Louis County revenue** is \$12.1 million less than budget YTD.
4. **Federal Funded Revenue** includes \$24.5 million from CARES Act and is otherwise at budget.
5. **Total expenses** overall are unfavorable to budget by 4.7 % QTD.
6. There is a **Net income before depreciation** of \$66.6 thousand; This was influenced by higher funding assistance for the quarter ending March 2021.

## Balance Sheet

1. **Total Current Assets** are 7.7% higher than the prior period and 7.3% greater than the prior year. Higher cash in banks in March contributes to this change from prior period.
2. **Construction in Process** Increase of \$18.9 million during the third quarter consists primarily of Infrastructure costs for electric bus orders for 5 electric buses and 19 Paratransit Vans.
3. **Long Term Debt** is comparable to the prior period and is .7% more than last year.

## Cash Flow

1. **Net cash decrease** from operations was \$200.9 million.
2. This activity is related to the **July 2020 Bond refinancing**.
3. **Proceeds from debt and Escrow financing** are related to the debt refunding in July 2020.
4. The **net decrease in cash** for the nine months ended is \$45.1 million.

# Metro Transit – Key Performance Indicator Notes

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Service Changes and Fare Increases

1. Quarterly Metro Reimagined service update went into effect December with minor adjustments to 12 MetroBus routes.
2. No fare increase is planned for fiscal year 2020. The last fare increase was in fiscal year 2015.

## Ridership Metrics

3. **System year-to-date passenger boarding's** decreased 50.6% to 12.9 million from prior year.
4. Current year passenger ridership by mode from prior year
  - a. Metrobus Decrease 48.0%
  - b. MetroLink Decrease 56.6%
  - c. Call-A-Ride Decrease 11.1%
5. Factors include:
  - a. Lower fuel prices
  - b. Perceived security issues
  - c. Operator staffing shortages for Call-A-Ride
  - d. COVID-19 infection risk

## Business and Operating Metrics

6. **Average fare** unfavorably decreased 4.28% level to \$1.02 compared to prior year.
7. **Operating expense per revenue hour** for the system unfavorably increased 24.6% to \$206.49.
8. **Operating expense per passenger boarding** unfavorably increased by 102.7% to \$16.76. This modest change is a reflection of higher 3rd quarter system-wide expense vs. prior year. Budget estimates are \$8.71 per boarding.
9. **Passenger boarding's per revenue mile and passenger boarding's per revenue hour** were also negatively impacted by 40.2% and 38.5% respectively due to ridership trends. Rates of change in all 3 components reflect lower activity due to COVID19 impact in the 3rd quarter.
10. **Vehicle accidents per 100,000 vehicle miles** are favorably down 10.5% from the prior year.

# Metro Transit - Key Performance Indicators

For the Nine Months Ended March 31, 2021

(Preliminary)

(Favorable Trend)

(Unfavorable Trend)

		Actual 2021	System Actual 2020	Variance	Actual 2021	MetroBus Actual 2020	Variance	Actual 2021	MetroLink Actual 2020	Variance	Actual 2021	Call-A-Ride Actual 2020	Variance
Ridership Metrics													
Average Weekday Ridership		53,505	108,871	-50.9%	35,662	68,857	-48.2%	16,481	38,506	-57.2%	1,361	1,508	-9.8%
Passenger Boardings	(3), (4)	12,897,571	26,089,984	-50.6%	8,559,447	16,455,527	-48.0%	4,030,500	9,288,293	-56.6%	307,624	346,164	-11.1%
Business Measures													
Average Fare (Includes Fixed & Special)	(6)	\$1.02	\$1.06	-4.28%	\$1.04	\$1.04	0.7%	\$1.04	\$1.04	0.7%	\$0.00	\$3.10	-100.0%
Farebox Recovery		6.1%	12.8%	-52.8%	6.9%	12.8%	-46.4%	6.4%	15.3%	-57.7%	0.0%	5.4%	-100.0%
Operating Expense per Revenue Hour	(7)	\$206.49	\$165.75	24.6%	\$167.52	\$131.87	27.0%	\$715.06	\$645.35	10.8%	\$117.59	\$100.18	17.4%
Operating Exp per Passenger Boarding	(8)	\$16.76	\$8.27	102.7%	\$15.14	\$8.04	88.3%	\$16.16	\$6.82	136.8%	\$69.51	\$57.89	20.1%
Subsidy per Passenger Boarding		\$15.34	\$6.94	121.1%									
Operating Measures													
Vehicle Accidents per 100,000 Vehicle Miles	(10)	0.87	0.97	-10.5%	1.14	1.26	-9.4%	0.02	0.06	-62.9%	0.89	0.89	-0.2%
On-Time Performance					90.8%	91.0%	-0.2%	97.7%	98.3%	-0.6%	95.0%	94.4%	0.6%
Unscheduled Absenteeism		6.2%	3.1%	100.9%									
Passenger Boardings per Revenue Mile	(9)	0.81	1.35	-40.2%	0.79	1.22	-34.7%	1.94	4.05	-52.1%	0.10	0.10	0.5%
Passenger Boardings per Revenue Hour	(9)	12.32	20.04	-38.5%	11.06	16.40	-32.5%	44.25	94.57	-53.2%	1.69	1.73	-2.3%

**Metro Transit**  
**Statement of Activities**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Passenger revenue	(1) \$ 3,979,451	\$ 8,828,616	\$ (4,849,165)	(54.9)	\$ 8,260,262	\$ 13,082,458	\$ 28,802,848	\$ (15,720,390)	(54.6)	\$ 28,008,312
City of St. Louis <sup>1</sup>	(2) 5,775,243	9,806,202	(4,030,959)	(41.1)	9,651,598	19,405,598	28,916,781	(9,511,183)	(32.9)	27,620,343
St. Louis County <sup>1</sup>	(3) 37,689,654	39,919,656	(2,230,002)	(5.6)	39,907,284	105,789,105	117,877,579	(12,088,474)	(10.3)	107,736,355
St. Clair County Transit District <sup>1</sup>	16,337,808	15,715,573	622,235	4.0	14,764,532	45,507,336	47,146,718	(1,639,382)	(3.5)	44,843,672
State of Missouri and Illinois <sup>1</sup>	295,029	222,451	72,578	32.6	154,604	806,902	667,351	139,551	20.9	463,738
Federal funding <sup>1</sup>	18,339,394	5,431,188	12,908,206	237.7	4,325,858	40,194,592	16,293,564	23,901,028	146.7	12,889,710
Other local/regional funding <sup>1</sup>	146,511	235,637	(89,126)	(37.8)	272,295	4,135,175	706,912	3,428,263	485.0	489,244
Advertising, maint services, rental income	1,240,523	1,442,052	(201,529)	(14.0)	1,420,644	4,224,297	4,425,251	(200,954)	(4.5)	4,006,068
Interest income	84,345	961,014	(876,669)	(91.2)	894,634	909,223	2,608,386	(1,699,163)	(65.1)	3,027,446
<b>Total revenue</b>	<u>83,887,958</u>	<u>82,562,389</u>	<u>1,325,569</u>	<u>1.6</u>	<u>79,651,711</u>	<u>234,054,686</u>	<u>247,445,390</u>	<u>(13,390,704)</u>	<u>(5.4)</u>	<u>229,084,888</u>
<b>Expense</b>										
Wages and benefits	49,611,138	49,767,605	156,467	0.3	55,272,712	152,210,568	158,160,179	5,949,611	3.8	151,296,601
Services	13,339,357	9,698,219	(3,641,138)	(37.5)	8,753,607	31,828,916	30,012,204	(1,816,712)	(6.1)	25,603,878
Fuel and lube consumed	1,891,347	3,053,724	1,162,377	38.1	2,595,374	6,200,996	9,161,170	2,960,174	32.3	7,740,083
Materials and supplies	4,696,007	5,794,838	1,098,831	19.0	6,069,406	15,604,827	17,392,992	1,788,165	10.3	16,755,641
Utilities	1,697,805	2,042,147	344,342	16.9	1,749,215	4,648,751	5,896,186	1,247,435	21.2	5,007,242
Casualty and liability costs	1,424,591	2,293,002	868,411	37.9	2,578,532	4,440,536	6,879,006	2,438,470	35.4	4,634,419
Other expenses	1,258,762	1,816,297	557,535	30.7	1,146,412	4,020,378	5,458,818	1,438,440	26.4	4,561,047
Interest expense	1,770,333	8,069	(1,762,264)	n/a	3,114,271	8,227,956	8,816,244	588,288	6.7	12,290,160
Contribution to outside entities	341,754	311,250	(30,504)	(9.8)	339,944	907,501	933,750	26,249	2.8	902,431
Other non-operating expense	(4) 2,294,616	-	(2,294,616)	-	890,678	5,897,699	-	(5,897,699)	-	1,253,071
<b>Total expense</b>	<u>(5) 78,325,710</u>	<u>74,785,151</u>	<u>(3,540,559)</u>	<u>(4.7)</u>	<u>82,510,151</u>	<u>233,988,128</u>	<u>242,710,549</u>	<u>8,722,421</u>	<u>3.6</u>	<u>230,044,573</u>
<b>Income (loss) before depreciation</b>	<u>(6) 5,562,248</u>	<u>7,777,238</u>	<u>(2,214,990)</u>	<u>(28.5)</u>	<u>(2,858,440)</u>	<u>66,558</u>	<u>4,734,841</u>	<u>(4,668,283)</u>	<u>(98.6)</u>	<u>(959,685)</u>
Depreciation and amortization expense	19,282,830	19,299,365	16,535	0.1	19,340,682	57,710,545	56,881,305	(829,240)	(1.5)	57,410,184
<b>Net income (loss) before transfers</b>	<u>(13,720,582)</u>	<u>(11,522,127)</u>	<u>(2,198,455)</u>	<u>(19.1)</u>	<u>(22,199,122)</u>	<u>(57,643,987)</u>	<u>(52,146,464)</u>	<u>(5,497,523)</u>	<u>(10.5)</u>	<u>(58,369,869)</u>
<b>Net transfers in (out)</b>	<u>(812,022)</u>	<u>(694,844)</u>	<u>(117,178)</u>	<u>(16.9)</u>	<u>(673,336)</u>	<u>(2,776,157)</u>	<u>(2,084,533)</u>	<u>(691,624)</u>	<u>(33.2)</u>	<u>(1,905,806)</u>
<b>Net income (loss)</b>	<u>\$ (14,532,604)</u>	<u>\$ (12,216,971)</u>	<u>\$ (2,315,633)</u>	<u>(19.0)</u>	<u>\$ (22,872,458)</u>	<u>\$ (60,420,144)</u>	<u>\$ (54,230,997)</u>	<u>\$ (6,189,147)</u>	<u>(11.4)</u>	<u>\$ (60,275,675)</u>

<sup>1</sup> - Detailed schedule included.

**Metro Transit**  
**Detailed Schedule of Contract, Sales Tax and Grant Revenue**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Contract, sales tax and grant revenue</b>										
City of St. Louis 1/2 cent	\$ 3,367,853	\$ 5,401,324	\$ (2,033,471)	(37.6)	\$ 5,253,264	\$ 11,172,230	\$ 15,750,834	\$ (4,578,604)	(29.1)	\$ 15,237,015
City of St. Louis 1/4 cent	1,425,894	2,435,608	(1,009,714)	(41.5)	2,424,082	4,739,944	7,223,112	(2,483,168)	(34.4)	6,723,166
City of St. Louis Prop M2 (1/4 cent)	981,496	1,969,270	(987,774)	(50.2)	1,974,252	3,493,424	5,942,835	(2,449,411)	(41.2)	5,660,162
Total City of St. Louis	(2) 5,775,243	9,806,202	(4,030,959)	(41.1)	9,651,598	19,405,598	28,916,781	(9,511,183)	(32.9)	27,620,343
St. Louis County 1/2 cent	8,739,495	9,559,345	(819,850)	(8.6)	8,235,391	26,186,652	27,358,436	(1,171,784)	(4.3)	29,786,972
St. Louis County 1/4 cent	7,030,549	9,463,581	(2,433,032)	(25.7)	6,530,793	21,358,593	27,873,710	(6,515,117)	(23.4)	22,167,237
St. Louis County Prop A (1/2 cent)	21,919,610	20,896,730	1,022,880	4.9	25,141,100	58,243,860	62,645,433	(4,401,573)	(7.0)	55,782,146
Total St. Louis County	(3) 37,689,654	39,919,656	(2,230,002)	(5.6)	39,907,284	105,789,105	117,877,579	(12,088,474)	(10.3)	107,736,355
East-West Gateway Council of Govts.	-	40,000	(40,000)	(100.0)	37,280	236	120,000	(119,764)	(99.8)	100,196
Non-capital projects and other	146,511	195,637	(49,126)	(25.1)	235,015	4,134,939	586,912	3,548,027	604.5	389,048
Total other local	146,511	235,637	(89,126)	(37.8)	272,295	4,135,175	706,912	3,428,263	485.0	489,244
State of Missouri	292,599	195,938	96,661	49.3	147,256	731,499	587,813	143,686	24.4	441,766
Total State of Missouri	292,599	195,938	96,661	49.3	147,256	731,499	587,813	143,686	24.4	441,766
Total Missouri	43,904,007	50,157,433	(6,253,426)	(12.5)	49,978,433	130,061,377	148,089,085	(18,027,708)	(12.2)	136,287,708
Illinois										
St. Clair Transit District	16,337,808	15,715,573	622,235	4.0	14,764,532	45,507,336	47,146,718	(1,639,382)	(3.5)	44,843,672
State of Illinois	2,430	26,513	(24,083)	(90.8)	7,348	75,403	79,538	(4,135)	(5.2)	21,972
Total Illinois	16,340,238	15,742,086	598,152	3.8	14,771,880	45,582,739	47,226,256	(1,643,517)	(3.5)	44,865,644
Total local and state	60,244,245	65,899,519	(5,655,274)	(8.6)	64,750,313	175,644,116	195,315,341	(19,671,225)	(10.1)	181,153,352
Federal										
Vehicle maintenance	4,000,000	4,000,000	-	-	4,000,000	12,000,000	12,000,000	-	-	12,000,000
Non-capital grants (i.e. JARC)	675,850	1,431,188	(755,338)	(52.8)	325,858	3,688,698	4,293,564	(604,866)	(14.1)	889,710
CARES Act	13,663,544	-	13,663,544	-	-	24,505,894	-	24,505,894	-	-
Total federal	18,339,394	5,431,188	12,908,206	237.7	4,325,858	40,194,592	16,293,564	23,901,028	146.7	12,889,710
<b>Total contract, sales tax and grant revenue</b>	<b>\$ 78,583,639</b>	<b>\$ 71,330,707</b>	<b>\$ 7,252,932</b>	<b>10.2</b>	<b>\$ 69,076,171</b>	<b>\$ 215,838,708</b>	<b>\$ 211,608,905</b>	<b>\$ 4,229,803</b>	<b>2.0</b>	<b>\$ 194,043,062</b>

**Metro Transit**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	\$ 153,308,272	\$ 145,948,828	\$ 7,359,444	5.0	\$ 146,937,526	\$ 6,370,746	4.3
Investments	59,150,656	64,688,414	(5,537,758)	(8.6)	77,548,599	(18,397,943)	(23.7)
Accounts and notes receivable	2,577,642	6,918,202	(4,340,560)	(62.7)	2,973,531	(395,889)	(13.3)
Interfund accounts receivable	8,759,941	10,254,988	(1,495,047)	(14.6)	6,309,075	2,450,866	38.8
Restricted accounts receivable	654,378	659,390	(5,012)	(0.8)	494,881	159,497	32.2
Federal, state and local assistance receivable	62,923,034	39,022,793	23,900,241	61.2	35,426,710	27,496,324	77.6
Materials and supplies inventory	12,381,522	12,065,087	316,435	2.6	11,509,945	871,577	7.6
Other current assets	2,793,290	1,316,617	1,476,673	112.2	661,220	2,132,070	322.4
Total current assets	(1) 302,548,735	280,874,319	21,674,416	7.7	281,861,487	20,687,248	7.3
Capital assets							
Capital assets - motorbus	437,048,556	442,262,792	(5,214,236)	(1.2)	440,944,661	(3,896,105)	(0.9)
Capital assets - paratransit	21,324,286	20,548,851	775,435	3.8	19,119,862	2,204,424	11.5
Capital assets - lightrail	1,629,329,907	1,630,011,929	(682,022)	-	1,629,000,782	329,125	-
Total capital assets	2,087,702,749	2,092,823,572	(5,120,823)	(0.2)	2,089,065,305	(1,362,556)	(0.1)
Accumulated depreciation	(1,425,690,916)	(1,414,431,268)	(11,259,648)	(0.8)	(1,363,161,393)	(62,529,523)	(4.6)
Total capital assets, net	662,011,833	678,392,304	(16,380,471)	(2.4)	725,903,912	(63,892,079)	(8.8)
Land	97,040,389	97,040,389	-	-	97,404,793	(364,404)	(0.4)
Construction-in-process	(2) 64,651,591	45,785,860	18,865,731	41.2	32,438,533	32,213,058	99.3
Total capital assets	823,703,813	821,218,553	2,485,260	0.3	855,747,238	(32,043,425)	(3.7)
Non-current assets							
Restricted investments	131,927,261	129,831,888	2,095,373	1.6	123,811,137	8,116,124	6.6
Other non-current assets, net amort	129,973	69,458	60,515	87.1	454,845	(324,872)	(71.4)
Total non-current assets	132,057,234	129,901,346	2,155,888	1.7	124,265,982	7,791,252	6.3
Total assets	1,258,309,782	1,231,994,218	26,315,564	2.1	1,261,874,707	(3,564,925)	(0.3)
<b>Deferred outflow of resources</b>							
Deferred pension loss	22,797,884	24,769,100	(1,971,216)	(8.0)	11,688,632	11,109,252	95.0
Deferred pension expense	5,571,100	5,571,100	-	-	2,505,800	3,065,300	122.3
Deferred loss on hedging instruments	-	695,520	(695,520)	(100.0)	5,050,878	(5,050,878)	(100.0)
Deferred unfunded OPEB loss	3,991,746	4,570,308	(578,562)	(12.7)	5,624,098	(1,632,352)	(29.0)
Deferred loss on debt refunding	5,384,612	11,626,530	(6,241,918)	(53.7)	1,269,746	4,114,866	324.1
Total deferred outflow of resources	37,745,342	47,232,558	(9,487,216)	(20.1)	26,139,154	11,606,188	44.4
<b>Total</b>	<b>\$ 1,296,055,124</b>	<b>\$ 1,279,226,776</b>	<b>\$ 16,828,348</b>	<b>1.3</b>	<b>\$ 1,288,013,861</b>	<b>\$ 8,041,263</b>	<b>0.6</b>



**Metro Transit**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 11,215,448	\$ 8,430,993	\$ 2,784,455	33.0	\$ 7,148,338	\$ 4,067,110	56.9
Accrued expenses	17,558,642	15,387,634	2,171,008	14.1	23,597,131	(6,038,489)	(25.6)
Other current liabilities	9,322,118	5,076,268	4,245,850	83.6	28,733,580	(19,411,462)	(67.6)
Total current liabilities	38,096,208	28,894,895	9,201,313	31.8	59,479,049	(21,382,841)	(36.0)
Current liab payable from restricted assets							
Accounts payable and retention	57,516	454,628	(397,112)	(87.3)	1,003,820	(946,304)	(94.3)
Accrued interest payable	6,712,221	3,393,400	3,318,821	97.8	8,889,955	(2,177,734)	(24.5)
Short-term insurance	140,487	140,487	-	-	140,487	-	-
Current portion of long-term debt	10,855,000	10,855,000	-	-	10,445,000	410,000	3.9
Total current liabilities payable from restricted assets	17,765,224	14,843,515	2,921,709	19.7	20,479,262	(2,714,038)	(13.3)
Total current liabilities	55,861,432	43,738,410	12,123,022	27.7	79,958,311	(24,096,879)	(30.1)
Non-current liabilities							
Other post-employment benefits	61,056,306	60,774,200	282,106	0.5	63,341,427	(2,285,121)	(3.6)
Long-term insurance	579,528	689,505	(109,977)	(16.0)	529,886	49,642	9.4
Long-term debt	(3) 509,055,289	514,596,398	(5,541,109)	(1.1)	505,349,691	3,705,598	0.7
Capital lease obligations	131,927,263	129,831,890	2,095,373	1.6	123,811,139	8,116,124	6.6
Unfunded pension liabilities	100,194,458	100,194,458	-	-	84,129,093	16,065,365	19.1
Other non-current liabilities	31,274,349	31,269,388	4,961	-	6,743,028	24,531,321	363.8
Total non-current liabilities	834,087,193	837,355,839	(3,268,646)	(0.4)	783,904,264	50,182,929	6.4
Total liabilities	889,948,625	881,094,249	8,854,376	1.0	863,862,575	26,086,050	3.0
<b>Deferred Inflow of Resources</b>							
Deferred gain on hedging instruments	2,078,546	-	2,078,546	n/a	-	2,078,546	n/a
Deferred Unfunded OPEB Gain	642,955	692,056	(49,101)	(7.1)	847,308	(204,353)	(24.1)
Deferred pension gain 788 ATU and clerical	1,429,917	1,991,838	(561,921)	(28.2)	3,677,601	(2,247,684)	(61.1)
Deferred pension gain IBEW	37,435	51,184	(13,749)	(26.9)	92,477	(55,042)	(59.5)
Deferred pension gain salaried	552,204	784,380	(232,176)	(29.6)	1,390,954	(838,750)	(60.3)
Total deferred inflow of resources	4,741,057	3,519,458	1,221,599	34.7	6,008,340	(1,267,283)	(21.1)
<b>Net Position</b>							
Net position - capital investments	975,459,094	975,459,094	-	-	412,366,082	563,093,012	136.6
Net position	(513,673,508)	(534,958,486)	21,284,978	4.0	66,052,539	(579,726,047)	(877.7)
Net income (loss)	(60,420,144)	(45,887,539)	(14,532,604)	(31.7)	(60,275,675)	(144,469)	(0.2)
Total net position	401,365,442	394,613,069	6,752,373	1.7	418,142,946	(16,777,504)	(4.0)
<b>Total</b>	<u>\$ 1,296,055,124</u>	<u>\$ 1,279,226,776</u>	<u>\$ 16,828,348</u>	1.3	<u>\$ 1,288,013,861</u>	<u>\$ 8,041,263</u>	0.6

**Metro Transit**  
**Statement of Cash Flows**  
**For the Nine Months Ended March 31, 2021**  
**(unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 16,449,945
Payments to employees	(152,439,802)
Payments to vendors	(57,674,974)
Payments for self-insurance	(4,430,341)
Receipts (payments) from inter-fund activity	<u>(2,774,166)</u>

**Net cash provided by (used in) operating activities** (1) (200,869,338)

**Cash flows from non capital financing activities**

Operating assistance received	176,050,027
Contributions to outside entities	(907,501)
Net transfers	(2,776,157)
Nonoperating contributions	<u>(6,625,059)</u>

**Net cash provided by (used in) non capital financing activities** 165,741,310

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	(42,155,627)
Payments of long-term debt	(10,445,000)
Deferred loss on refunding	(10,457,802)
Escrow Financing	21,600,000
Interest paid	(10,568,356)
Contributed capital	<u>43,117,185</u>

**Cash flows from capital and related financing activities** (8,909,600)

**Cash flows from investing activities**

Purchases of investments	(2),(3) (85,477,862)
Proceeds from sale of investments	(2),(3) 83,517,875
Interest received	<u>909,223</u>

**Net cash provided by (used in) investing activities** (1,050,764)

**Net increase (decrease) in cash and cash equivalents** (4) (45,088,392)

**Cash and cash equivalents, beginning of year** 198,396,664

**Cash and cash equivalents, year to date** \$ 153,308,272

**Supplemental disclosure of cash flow information**

**Noncash Activities:**

Interest received on capital lease	\$ 6,109,207
Interest accrued on capital lease	(6,109,207)
Changes in unfunded pension liability	3,371,640
Changes in unrealized loss on fuel hedge	5,519,648
Deferred loss amortization	6,265,870
Deferred charges	(65,775)
Capital tower lease interest amortization	(24,713)
Discounts on bonds	(101,573)
Premium on bonds	-
Gain on disposal of fixed assets	727,361
Deferred pension expense	-
Deferred unfunded OPEB Loss	1,588,383
Underwriters' bond discount	(414,149)
2013A bond discount	-
2009 debt prepaid insurance amortization	-
Non-revenue vehicle lease amortization	(82,077)



# StL Downtown Airport

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# St. Louis Downtown Airport – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Casualty and liability costs** reflect an additional incurred amount of \$116.3 thousand related to the maintenance building fire in October 2019 and is \$291 thousand over budget.
2. **Net income before depreciation** is \$259.3 thousand under budget.

## Balance Sheet

Nothing to note.

## Cash Flow

1. **Cash flows provided by (used in) operating activities** created a net \$361.7 thousand cash inflow for the 9 months through 3/31/2021.
2. **Net cash activity year-to-date** is \$235.9 thousand cash inflow.

## Performance Indicators

1. **Fuel sales** have been steady each month this quarter, slightly higher in March, but have not rebounded to normal levels due to the overall downward trend due to recent changes in the economy.
2. **Average based aircraft** The count methodology for average based aircraft was changed in late FY 2020 to include aircraft on the apron per day for the month. This was done because the airport could not get accurate or timely data from airport users on total aircraft counts. The previous data also included Gulfstream aircraft in maintenance which are not technically 'based' aircraft. The current quarter' average Based Aircraft reflects a positive trend for the last 12 months.

## Notable Item

- A fire occurred on October 9, 2019 in the maintenance building; the cause has not been determined. The estimated cost is \$1 million. The insurance deductible is \$10,000. Restoration is estimated to be completed in the near future.

# St. Louis Downtown Airport – Performance Indicators

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

	Fuel Sales (gallons)		
Quarter	FY 2021	FY 2020	Change
1st Qtr	261,848	434,383	-39.7%
2nd Qtr	283,469	390,706	-27.4%
(1) 3rd Qtr	282,126	322,807	-12.6%
4th Qtr			
Fiscal Year	827,443	1,147,896	-27.9%

	Aircraft Movements		
Quarter	FY 2021	FY 2020	Change
1st Qtr	23,671	26,261	-9.9%
2nd Qtr	23,767	23,374	1.7%
3rd Qtr	21,614	18,374	17.6%
4th Qtr			
Fiscal Year	69,052	68,009	1.5%

	Average Based Aircraft*		
Quarter	FY 2021*	FY 2020	Change
1st Qtr	477	310	53.9%
2nd Qtr	505	314	60.8%
(2) 3rd Qtr	618	338	82.8%
4th Qtr			

\* The count methodology was changed in late FY 2020 to include aircraft on the apron per day for the month.

**St. Louis Downtown Airport**  
**Statement of Activities**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Airport parking	\$ 31,781	\$ 35,486	\$ (3,705)	(10.4)	\$ 26,840	\$ 86,013	\$ 106,457	\$ (20,444)	(19.2)	\$ 78,228
Leased acreage	187,262	161,865	25,397	15.7	173,438	564,243	485,595	78,648	16.2	523,721
Hangar rental	128,705	134,894	(6,189)	(4.6)	129,762	386,615	404,681	(18,066)	(4.5)	393,650
Aviation sales flowage	13,954	42,505	(28,551)	(67.2)	33,547	65,625	127,515	(61,890)	(48.5)	120,094
Other operating revenue	33,325	32,382	943	2.9	31,844	77,427	97,145	(19,718)	(20.3)	91,894
Concessions	10,536	28,271	(17,735)	(62.7)	10,536	31,608	84,812	(53,204)	(62.7)	31,608
Interest income	33	3,750	(3,717)	(99.1)	4,076	277	11,250	(10,973)	(97.5)	16,319
Grants and Assistance	69,000	-	69,000	-	-	69,000	-	69,000	-	-
<b>Total revenue</b>	<u>474,596</u>	<u>439,153</u>	<u>35,443</u>	<u>8.1</u>	<u>410,043</u>	<u>1,280,808</u>	<u>1,317,455</u>	<u>(36,647)</u>	<u>(2.8)</u>	<u>1,255,514</u>
<b>Expense</b>										
Wages and benefits	260,751	264,790	4,039	1.5	219,524	745,448	843,646	98,198	11.6	607,006
Services	37,550	24,175	(13,375)	(55.3)	125,451	78,967	72,525	(6,442)	(8.9)	198,921
Fuel and lube consumed	1,813	6,450	4,637	71.9	1,075	9,519	19,350	9,831	50.8	6,381
Materials and supplies	21,647	26,575	4,928	18.5	30,374	13,159	79,725	66,566	83.5	119,266
Utilities	66,608	42,750	(23,858)	(55.8)	53,278	163,541	128,250	(35,291)	(27.5)	133,472
Casualty and liability costs	(1) 21,585	14,650	(6,935)	(47.3)	(162,374)	335,100	43,950	(291,150)	(662.5)	(32,652)
Other expenses	54,927	31,270	(23,657)	(75.7)	43,279	155,340	93,810	(61,530)	(65.6)	104,750
Interest expense	948	-	(948)	-	-	2,866	-	(2,866)	-	-
<b>Total expense</b>	<u>465,829</u>	<u>410,660</u>	<u>(55,169)</u>	<u>(13.4)</u>	<u>310,607</u>	<u>1,503,940</u>	<u>1,281,256</u>	<u>(222,684)</u>	<u>(17.4)</u>	<u>1,137,144</u>
<b>Income (loss) before depreciation</b>	(2) <u>8,767</u>	<u>28,493</u>	<u>(19,726)</u>	<u>(69.2)</u>	<u>99,436</u>	<u>(223,132)</u>	<u>36,199</u>	<u>(259,331)</u>	<u>(716.4)</u>	<u>118,370</u>
<b>Net income (loss)</b>	<u>\$ (309,437)</u>	<u>\$ (276,043)</u>	<u>\$ (33,394)</u>	<u>(12.1)</u>	<u>\$ (223,328)</u>	<u>\$ (1,179,096)</u>	<u>\$ (878,110)</u>	<u>\$ (300,986)</u>	<u>(34.3)</u>	<u>\$ (858,141)</u>

**St. Louis Downtown Airport**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	\$ 1,828,436	\$ 1,376,516	\$ 451,920	32.8	\$ 1,583,122	\$ 245,314	15.5
Accounts and notes receivable	79,454	76,975	2,479	3.2	46,677	32,777	70.2
Federal, state and local assistance receivable	71,540	2,540	69,000	n/a	2,302	69,238	n/a
Materials and supplies inventory	67,895	68,499	(604)	(0.9)	65,549	2,346	3.6
Other current assets	28,992	57,985	(28,993)	(50.0)	21,996	6,996	31.8
Total current assets	<u>2,076,317</u>	<u>1,582,515</u>	<u>493,802</u>	<u>31.2</u>	<u>1,719,646</u>	<u>356,671</u>	<u>20.7</u>
Capital assets							
Capital assets	52,321,873	52,321,873	-	-	51,216,480	1,105,393	2.2
Accumulated depreciation	(39,393,110)	(39,074,907)	(318,203)	(0.8)	(38,059,440)	(1,333,670)	(3.5)
Total capital assets, net	<u>12,928,763</u>	<u>13,246,966</u>	<u>(318,203)</u>	<u>(2.4)</u>	<u>13,157,040</u>	<u>(228,277)</u>	<u>(1.7)</u>
Land	4,542,564	4,542,564	-	-	4,542,564	-	-
Construction-in-process	266,845	157,365	109,480	69.6	1,048,062	(781,217)	(74.5)
Total capital assets	<u>17,738,172</u>	<u>17,946,895</u>	<u>(208,723)</u>	<u>(1.2)</u>	<u>18,747,666</u>	<u>(1,009,494)</u>	<u>(5.4)</u>
Non-current assets							
Deferred charges	(44,683)	-	(44,683)	n/a	(72,237)	27,554	38.1
Total non-current assets	<u>(44,683)</u>	<u>-</u>	<u>(44,683)</u>	<u>n/a</u>	<u>(72,237)</u>	<u>27,554</u>	<u>38.1</u>
Total assets	<u>19,769,806</u>	<u>19,529,410</u>	<u>240,396</u>	<u>1.2</u>	<u>20,395,075</u>	<u>(625,269)</u>	<u>(3.1)</u>
<b>Total</b>	<u>\$ 19,769,806</u>	<u>\$ 19,529,410</u>	<u>\$ 240,396</u>	<u>1.2</u>	<u>\$ 20,395,075</u>	<u>\$ (625,269)</u>	<u>(3.1)</u>

**St. Louis Downtown Airport**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ -	\$ 18,404	\$ (18,404)	(100.0)	\$ 21,100	\$ (21,100)	(100.0)
Interfund accounts payable	602,422	164,121	438,301	267.1	39,099	563,323	n/a
Accrued expenses	69,300	69,300	-	-	62,300	7,000	11.2
Other current liabilities	84,295	60,144	24,151	40.2	69,641	14,654	21.0
Total current liabilities	<u>756,017</u>	<u>311,969</u>	<u>444,048</u>	<u>142.3</u>	<u>192,140</u>	<u>563,877</u>	<u>293.5</u>
Non-current liabilities							
Other post-employment benefits	330,312	327,607	2,705	0.8	340,655	(10,343)	(3.0)
Other non-current liabilities	78,287	81,692	(3,405)	(4.2)	-	78,287	n/a
Total non-current liabilities	<u>408,599</u>	<u>409,299</u>	<u>(700)</u>	<u>(0.2)</u>	<u>340,655</u>	<u>67,944</u>	<u>19.9</u>
Total liabilities	<u>1,164,616</u>	<u>721,268</u>	<u>443,348</u>	<u>61.5</u>	<u>532,795</u>	<u>631,821</u>	<u>118.6</u>
<b>Net Position</b>							
Net position - capital investments	37,462,889	37,462,889	-	-	19,015,956	18,446,933	97.0
Net position	(17,678,603)	(17,785,087)	106,484	0.6	1,704,465	(19,383,068)	n/a
Net income (loss)	(1,179,096)	(869,660)	(309,437)	(35.6)	(858,141)	(320,955)	(37.4)
Total net position	<u>18,605,190</u>	<u>18,808,142</u>	<u>(202,952)</u>	<u>(1.1)</u>	<u>19,862,280</u>	<u>(1,257,090)</u>	<u>(6.3)</u>
<b>Total</b>	<u>\$ 19,769,806</u>	<u>\$ 19,529,410</u>	<u>\$ 240,396</u>	<u>1.2</u>	<u>\$ 20,395,075</u>	<u>\$ (625,269)</u>	<u>(3.1)</u>



**St. Louis Downtown Airport**  
**Statement of Cash Flows**  
**For the Nine Months Ended March 31, 2021**  
(unaudited)

**Cash flows from operating activities**

Receipts from customers	\$ 1,242,530
Payments to employees	(776,028)
Payments to vendors	(315,740)
Payments for self-insurance	(335,100)
Receipts (payments) from inter-fund activity	<u>546,033</u>

**Net cash provided by (used in)  
operating activities**

**(1)** 361,695

**Supplemental disclosure of cash flow information**

**Noncash Activities:**  
None

**Cash flows from non capital financing activities**

None

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	(247,203)
Interest Paid	(2,866)
Contributed capital	<u>124,011</u>

**Cash flows from capital and  
related financing activities**

(126,058)

**Cash flows from investing activities**

Interest received	<u>277</u>
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**Net cash provided by (used in)  
investing activities**

277

**Net increase (decrease) in cash  
and cash equivalents**

**(2)** 235,914

**Cash and cash equivalents, beginning of year**

1,592,522

**Cash and cash equivalents, year to date**

\$ 1,828,436



# Riverfront Attractions

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# Riverfront Attractions – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Total year-to-date revenue** for cruises, food and beverages is mostly notably being impacted by the COVID-19 pandemic's effect on tourism and the regional economy.
2. **Total year to date expense** is under budget due to reduction in staff, services and supplies during the abridged operations.
3. **Net loss before depreciation** is \$530.7 thousand.

## Balance Sheet

Nothing to note

## Cash Flow

1. **Cash flows from operating and interfund activity** is an \$1.95 million YTD cash outflow.
2. **Cash flows from capital activity** is a \$250.7 thousand cash outflow related to barge improvements.
3. **Net cash activity year-to-date** is \$3.5 thousand cash inflow.

## Performance Indicators

1. **Passengers, cruises and passengers per cruise** decreased due to the COVID-19 pandemic's effect on tourism and the regional economy.
2. **Flood days:** There were 3 flood days during the second quarter but the boats were operating and were not closed due to COVID-19 in the quarter.

# Riverfront Attractions – Performance Indicators

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

	Riverboat Passengers		
Quarter	FY 2021	FY 2020	Change
1st Qtr	14,883	59,481	-75.0%
2nd Qtr	6,705	13,005	-48.4%
(1) 3rd Qtr	5,877	1,945	202.2%
4th Qtr			
Fiscal Year	27,465	74,431	-63.1%

	Riverboat Cruises		
Quarter	FY 2021	FY 2020	Change
1st Qtr	266	456	-41.7%
2nd Qtr	102	137	-25.5%
(1) 3rd Qtr	51	30	70.0%
4th Qtr			
Fiscal Year	419	623	-32.7%

	Riverboat Passengers per Cruise		
Quarter	FY 2021	FY 2020	Change
1st Qtr	56	130	-57.1%
2nd Qtr	66	95	-30.8%
(1) 3rd Qtr	115	65	77.3%
4th Qtr			
Fiscal Year	66	119	-45.1%

## Riverfront Attractions – Performance Indicators

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

	Riverboat Scheduled Days		
Quarter	FY 2021	FY 2020	Change
1st Qtr	73	92	-20.7%
2nd Qtr	35	92	-62.0%
(2) 3rd Qtr	20	28	-28.6%
4th Qtr			
Fiscal Year	128	212	-39.6%

	Riverboat Days of Operation		
Quarter	FY 2021	FY 2020	Change
1st Qtr	73	78	-6.4%
2nd Qtr	35	92	-62.0%
(2) 3rd Qtr	17	12	41.7%
4th Qtr			
Fiscal Year	125	182	-31.3%

	Riverboat Flood Days		
Quarter	FY 2021	FY 2020	Change
1st Qtr	-	14	(14)
2nd Qtr	-	-	-
(2) 3rd Qtr	3	-	3
4th Qtr			
Fiscal Year	3	14	(11)

The Riverboats closed March 15 due to the COVID-19 pandemic; 16 days third quarter FY20.

The Riverboats opened on June 11 for Riverfront Cruises only with reduced capacity due to the COVID-19 pandemic; Closed 71 days in fourth quarter FY20.

**Riverfront Attractions**  
**Statement of Activities**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Cruise	\$ 144,316	\$ 86,598	\$ 57,718	66.7	\$ 50,153	\$ 551,099	\$ 1,522,671	\$ (971,572)	(63.8)	\$ 1,286,643
Food and beverage	17,645	28,159	(10,514)	(37.3)	27,813	144,667	709,585	(564,918)	(79.6)	476,816
Retail	7,783	5,896	1,887	32.0	2,054	43,346	89,910	(46,564)	(51.8)	61,410
Other operating revenue	16,822	21,038	(4,216)	(20.0)	19,267	57,265	93,883	(36,618)	(39.0)	77,914
Other revenue	-	-	-	-	-	-	-	-	-	499
Sales discount	(133)	(2,794)	2,661	95.2	(20)	(12,727)	(25,142)	12,415	49.4	(10,635)
<b>Total revenue</b>	<b>(1) 186,433</b>	<b>138,897</b>	<b>47,536</b>	<b>34.2</b>	<b>99,267</b>	<b>783,650</b>	<b>2,390,907</b>	<b>(1,607,257)</b>	<b>(67.2)</b>	<b>1,892,647</b>
<b>Expense</b>										
Wages and benefits	164,370	307,259	142,889	46.5	263,204	825,737	1,210,967	385,230	31.8	991,853
Services	12,787	47,846	35,059	73.3	78,315	116,156	205,242	89,086	43.4	257,780
Fuel and lube consumed	6,270	6,299	29	0.5	9,715	27,729	47,547	19,818	41.7	39,607
Materials and supplies	27,585	93,549	65,964	70.5	39,615	158,155	376,809	218,654	58.0	304,166
Utilities	17,822	22,202	4,380	19.7	20,404	47,123	66,607	19,484	29.3	59,161
Casualty and liability costs	41,156	41,518	362	0.9	37,486	118,816	124,554	5,738	4.6	115,331
Other expenses	416	94,301	93,885	99.6	75,101	20,684	267,536	246,852	92.3	259,528
<b>Total expense</b>	<b>(2) 270,406</b>	<b>612,974</b>	<b>342,568</b>	<b>55.9</b>	<b>523,840</b>	<b>1,314,400</b>	<b>2,299,262</b>	<b>984,862</b>	<b>42.8</b>	<b>2,027,426</b>
<b>Income (loss) before depreciation</b>	<b>(3) (83,973)</b>	<b>(474,077)</b>	<b>390,104</b>	<b>82.3</b>	<b>(424,573)</b>	<b>(530,750)</b>	<b>91,645</b>	<b>(622,395)</b>	<b>(679.1)</b>	<b>(134,779)</b>
Depreciation and amortization expense	60,196	57,644	(2,552)	(4.4)	80,656	184,181	172,933	(11,248)	(6.5)	186,042
<b>Net income (loss) before transfers</b>	<b>(144,169)</b>	<b>(531,721)</b>	<b>387,552</b>	<b>72.9</b>	<b>(505,229)</b>	<b>(714,931)</b>	<b>(81,288)</b>	<b>(633,643)</b>	<b>(779.5)</b>	<b>(320,821)</b>
<b>Net transfers in (out)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,200,781</b>	<b>-</b>	<b>2,200,781</b>	<b>-</b>	<b>-</b>
<b>Net income (loss)</b>	<b>\$ (144,169)</b>	<b>\$ (531,721)</b>	<b>\$ 387,552</b>	<b>72.9</b>	<b>\$ (505,229)</b>	<b>\$ 1,485,850</b>	<b>\$ (81,288)</b>	<b>\$ 1,567,138</b>	<b>1,927.9</b>	<b>\$ (320,821)</b>

**Riverfront Attractions**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	\$ 38,898	\$ (2,426)	\$ 41,324	n/a	\$ 37,165	\$ 1,733	4.7
Accounts and notes receivable	18,172	18,461	(289)	(1.6)	21,111	(2,939)	(13.9)
Materials and supplies inventory	55,494	73,578	(18,084)	(24.6)	73,721	(18,227)	(24.7)
Other current assets	41,156	82,312	(41,156)	(50.0)	38,007	3,149	8.3
Total current assets	153,720	171,925	(18,205)	(10.6)	170,004	(16,284)	(9.6)
Capital assets							
Capital assets	5,449,119	5,449,119	-	-	5,214,773	234,346	4.5
Accumulated depreciation	(4,228,996)	(4,168,800)	(60,196)	(1.4)	(4,225,642)	(3,354)	(0.1)
Total capital assets, net	1,220,123	1,280,319	(60,196)	(4.7)	989,131	230,992	23.4
Construction-in-process	3,366	3,366	-	-	43,878	(40,512)	(92.3)
Total capital assets	1,223,489	1,283,685	(60,196)	(4.7)	1,033,009	190,480	18.4
Total assets	1,377,209	1,455,610	(78,401)	(5.4)	1,203,013	174,196	14.5
<b>Total</b>	<u>\$ 1,377,209</u>	<u>\$ 1,455,610</u>	<u>\$ (78,401)</u>	(5.4)	<u>\$ 1,203,013</u>	<u>\$ 174,196</u>	14.5

**Riverfront Attractions**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 1,981	\$ 1,981	\$ -	-	\$ 7,062	\$ (5,081)	(71.9)
Interfund accounts payable	202,725	144,062	58,663	40.7	1,390,378	(1,187,653)	(85.4)
Accrued expenses	106,200	106,200	-	-	96,295	9,905	10.3
Other current liabilities	22,312	16,529	5,783	35.0	27,796	(5,484)	(19.7)
Total current liabilities	333,218	268,772	64,446	24.0	1,521,531	(1,188,313)	(78.1)
Non-current liabilities							
Other post-employment benefits	291,606	290,282	1,324	0.5	303,103	(11,497)	(3.8)
Unfunded pension liabilities	211,504	211,504	-	-	315,356	(103,852)	(32.9)
Total non-current liabilities	503,110	501,786	1,324	0.3	618,459	(115,349)	(18.7)
Total liabilities	836,328	770,558	65,770	8.5	2,139,990	(1,303,662)	(60.9)
<b>Net Position</b>							
Net position - capital investments	2,074,387	2,074,387	-	-	914,002	1,160,385	127.0
Net position	(3,019,356)	(3,019,356)	-	-	(1,530,158)	(1,489,198)	(97.3)
Net income (loss)	1,485,850	1,630,021	(144,169)	(8.8)	(320,821)	1,806,671	563.1
Total net position	540,881	685,052	(144,171)	(21.0)	(936,977)	1,477,858	157.7
<b>Total</b>	<u>\$ 1,377,209</u>	<u>\$ 1,455,610</u>	<u>\$ (78,401)</u>	<u>(5.4)</u>	<u>\$ 1,203,013</u>	<u>\$ 174,196</u>	<u>14.5</u>



**Riverfront Attractions**  
**Statement of Cash Flows**  
**For the Nine Months Ended March 31, 2021**  
(unaudited)

**Cash flows from operating activities**

Receipts from customers	\$ 791,982
Payments to employees	(615,521)
Payments to vendors	(394,950)
Payments for self-insurance	(118,816)
Receipts (payments) from inter-fund activity	<u>(1,609,324)</u>

**Net cash provided by (used in)  
operating activities**

**(1)** (1,946,629)

**Cash flows from non capital financing activities**

Net transfers	<u>2,200,781</u>
---------------	------------------

**Net cash provided by (used in)  
non capital financing activities**

2,200,781

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	<b>(2)</b> <u>(250,651)</u>
--------------------------------	-----------------------------

**Cash flows from capital and  
related financing activities**

(250,651)

**Cash flows from investing activities**

None

**Net increase (decrease) in cash  
and cash equivalents**

**(3)** 3,501

**Cash and cash equivalents, beginning of year**

35,397

**Cash and cash equivalents, year to date**

\$ 38,898

**Supplemental disclosure of cash flow information**

**Noncash Activities:**

Changes in Unfunded Pension Liability \$ (205,939)



# StL Regional Freightway

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# St. Louis Regional Freightway – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Total year-to-date revenue** is 20% below budget from revenue received from St. Louis City and St. Louis County, Missouri and St. Clair County and Madison County, Illinois.
2. **Net income** is \$91.9 thousand for the nine months year-to-date.

.

## Balance Sheet

Nothing to note.

## Cash Flow

1. **Net cash used in operating activities** reflects a \$102.3 thousand increase.
2. **Net increase in cash and cash equivalents** also reflects a \$103.0 thousand increase primarily for cash from operations.

**St. Louis Regional Freightway  
Statement of Activities  
For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Partnership fees	\$ 99,997	\$ 125,000	\$ (25,003)	(20.0)	\$ -	\$ 300,003	\$ 375,000	\$ (74,997)	(20.0)	\$ -
Other non-operating revenue	-	-	-	-	-	750	-	750	-	-
<b>Total revenue</b>	(1) 99,997	125,000	(25,003)	(20.0)	-	300,753	375,000	(74,247)	(19.8)	-
<b>Expense</b>										
Wages and benefits	43,321	42,096	(1,225)	(2.9)	49,763	126,207	145,584	19,377	13.3	158,929
Services	38,363	75,100	36,737	48.9	94,318	80,612	225,300	144,688	64.2	132,267
Materials and supplies	-	875	875	100.0	-	-	2,625	2,625	100.0	-
Other expenses	632	13,500	12,868	95.3	4,630	1,997	40,500	38,503	95.1	14,401
<b>Total expense</b>	82,316	131,571	49,255	37.4	148,711	208,816	414,009	205,193	49.6	305,597
<b>Net income (loss)</b>	(2) \$ 17,681	\$ (6,571)	\$ 24,252	369.1	\$ (148,711)	\$ 91,937	\$ (39,009)	\$ 130,946	335.7	\$ (305,597)

**St. Louis Regional Freightway**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	\$ 119,300	\$ 115,500	\$ 3,800	3.3	\$ 15,500	\$ 103,800	669.7
Accounts and notes receivable	3,200	-	3,200	n/a	3,800	(600)	(15.8)
Total current assets	122,500	115,500	7,000	6.1	19,300	103,200	534.7
Total assets	122,500	115,500	7,000	6.1	19,300	103,200	534.7
<b>Total</b>	<u>\$ 122,500</u>	<u>\$ 115,500</u>	<u>\$ 7,000</u>	6.1	<u>\$ 19,300</u>	<u>\$ 103,200</u>	534.7

**St. Louis Regional Freightway**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 15,000	\$ 15,000	\$ -	-	\$ 15,000	\$ -	-
Interfund accounts payable	318,340	261,960	56,380	21.5	368,649	(50,309)	(13.6)
Accrued expenses	10,100	10,100	-	-	33,500	(23,400)	(69.9)
Other current liabilities	82,496	149,994	(67,498)	(45.0)	3,800	78,696	n/a
Total current liabilities	425,936	437,054	(11,118)	(2.5)	420,949	4,987	1.2
Non-current liabilities							
Other post-employment benefits	127,975	127,539	436	0.3	132,164	(4,189)	(3.2)
Total non-current liabilities	127,975	127,539	436	0.3	132,164	(4,189)	(3.2)
Total liabilities	553,911	564,593	(10,682)	(1.9)	553,113	798	0.1
<b>Net Position</b>							
Net position	(523,348)	(523,348)	-	-	(228,216)	(295,132)	(129.3)
Net income (loss)	91,937	74,255	17,681	23.8	(305,597)	397,534	130.1
Total net position	(431,411)	(449,093)	17,682	3.9	(533,813)	102,402	19.2
<b>Total</b>	<u>\$ 122,500</u>	<u>\$ 115,500</u>	<u>\$ 7,000</u>	<u>6.1</u>	<u>\$ 19,300</u>	<u>\$ 103,200</u>	<u>534.7</u>

**St. Louis Regional Freightway  
Statement of Cash Flows  
For the Nine Months Ended March 31, 2021  
(unaudited)**

**Cash flows from operating activities**

Receipts from customers	\$ 297,303
Payments to employees	(135,599)
Payments to vendors	(1,872)
Receipts (payments) from inter-fund activity	<u>(57,532)</u>

**Net cash provided by (used in)  
operating activities**

(1) 102,300

**Supplemental disclosure of cash flow information**

**Noncash Activities:**

Changes in Unfunded Pension Liability \$ (10,454)

**Cash flows from non capital financing activities**

Nonoperating contributions	<u>750</u>
----------------------------	------------

**Net cash provided by (used in)  
non capital financing activities**

750

**Cash flows from capital and related financing activities**

None

**Cash flows from investing activities**

None

**Net increase (decrease) in cash  
and cash equivalents**

(2) 103,050

**Cash and cash equivalents, beginning of year**

16,250

**Cash and cash equivalents, year to date**

\$ 119,300



# BSD Research Institute

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# Bi-State Development Research Institute – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Net loss before depreciation** is \$256.7 thousand primarily due to the disposal of the Kiosks which were given to the Link Market in October.

## Balance Sheet

Nothing of note.

## Cash Flow

Nothing of note.

**Bi-State Development Research Institute**  
**Statement of Activities**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Not for profit revenue	\$ -	\$ -	\$ -	-	\$ 125	\$ 3,000	\$ -	\$ 3,000	-	\$ 125
Contributions <sup>1</sup>	-	1,955	(1,955)	(100.0)	-	392	5,866	(5,474)	(93.3)	59
Other revenue	-	-	-	-	-	-	-	-	-	20,000
<b>Total revenue</b>	<u>-</u>	<u>1,955</u>	<u>(1,955)</u>	<u>(100.0)</u>	<u>125</u>	<u>3,392</u>	<u>5,866</u>	<u>(2,474)</u>	<u>(42.2)</u>	<u>20,184</u>
<b>Expense</b>										
Services	-	4,244	4,244	100.0	215	520	12,731	12,211	95.9	393
Materials and supplies	-	125	125	100.0	-	-	375	375	100.0	-
Utilities	-	125	125	100.0	161	322	375	53	14.1	669
Other expenses	5	4	(1)	(25.0)	84	41	11	(30)	(272.7)	99
Other non-operating expense	-	-	-	-	-	259,214	-	(259,214)	-	-
<b>Total expense</b>	<u>5</u>	<u>4,498</u>	<u>4,493</u>	<u>99.9</u>	<u>460</u>	<u>260,097</u>	<u>13,492</u>	<u>(246,605)</u>	<u>(1,827.8)</u>	<u>1,161</u>
<b>Net income (loss)</b>	<u>\$ (5)</u>	<u>\$ (5,472)</u>	<u>\$ 5,467</u>	<u>99.9</u>	<u>\$ (3,264)</u>	<u>\$ (259,634)</u>	<u>\$ (16,413)</u>	<u>\$ (243,221)</u>	<u>(1,481.9)</u>	<u>\$ 10,236</u>

<sup>1</sup> - Contributions include in-kind donatic services, supplies and materials from other BSD business units.

**Bi-State Development Research Institute**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	\$ 110,926	\$ 110,931	\$ (5)	-	\$ 107,946	\$ 2,980	2.8
Total current assets	110,926	110,931	(5)	-	107,946	2,980	2.8
Capital assets							
Capital assets	-	-	-	n/a	292,901	(292,901)	(100.0)
Accumulated depreciation	-	-	-	n/a	(27,829)	27,829	100.0
Total capital assets, net	-	-	-	n/a	265,072	(265,072)	(100.0)
Total capital assets	-	-	-	n/a	265,072	(265,072)	(100.0)
Total assets	110,926	110,931	(5)	-	373,018	(262,092)	(70.3)
<b>Total</b>	<u>\$ 110,926</u>	<u>\$ 110,931</u>	<u>\$ (5)</u>	-	<u>\$ 373,018</u>	<u>\$ (262,092)</u>	(70.3)

**Bi-State Development Research Institute**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Interfund accounts payable	\$ 23,756	\$ 23,756	\$ -	-	\$ 22,941	\$ 815	3.6
Other current liabilities	107,544	107,544	-	-	107,544	-	-
Total current liabilities	131,300	131,300	-	-	130,485	815	0.6
Total liabilities	131,300	131,300	-	-	130,485	815	0.6
<b>Net Position</b>							
Net position	239,260	239,260	-	-	232,297	6,963	3.0
Net income (loss)	(259,634)	(259,629)	(5)	-	10,236	(269,870)	n/a
Total net position	(20,374)	(20,369)	(5)	-	242,533	(262,907)	(108.4)
<b>Total</b>	<b>\$ 110,926</b>	<b>\$ 110,931</b>	<b>\$ (5)</b>	<b>-</b>	<b>\$ 373,018</b>	<b>\$ (262,092)</b>	<b>(70.3)</b>

**Bi-State Development Research Institute**  
**Statement of Cash Flows**  
**For the Nine Months Ended March 31, 2021**  
(unaudited)

**Cash flows from operating activities**

Receipts from customers	\$ 3,000
Payments to employees	(1)
Payments to vendors	(491)
Receipts (payments) from inter-fund activity	<u>472</u>

**Net cash provided by (used in)  
operating activities**

2,980

**Cash flows from non capital financing activities**

Contributions to outside entities	(259,214)
-----------------------------------	-----------

**Net cash provided by (used in)  
non capital financing activities**

(259,214)

**Cash flows from capital and related financing activities**

Acquisitions of capital assets	259,214
--------------------------------	---------

**Cash flows from capital and  
related financing activities**

259,214

**Cash flows from investing activities**

None

**Net increase (decrease) in cash  
and cash equivalents**

2,980

**Cash and cash equivalents, beginning of year**

107,946

**Cash and cash equivalents, year to date**

\$ 110,926

**Supplemental disclosure of cash flow information**

**Noncash Activities:**

In-kind donations	\$ 392
In-kind services	(371)
In-kind materials and supplies	-
In-kind utilities	-
In-kind management fees	-
In-kind other operating expenses	(21)



# Arts in Transit

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# Arts in Transit, Inc. – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Total year-to-date revenue** decreased 75.3% from prior year to primarily as a result of a reduction of in-kind contributions.
2. **Net loss** is \$2.8 thousand.

## Balance Sheet

Nothing to note

## Cash Flow

Nothing to note.

**Arts In Transit, Inc.**  
**Statement of Activities**  
**For the Quarter Ended March 31, 2021**  
(unaudited)

	Current					Year to Date				
	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year	Actual	Budget	\$ Favorable (Unfavorable)	% Fav (Unfav)	Prior Year
<b>Revenue</b>										
Not for Profit Revenue	\$ 2,666	\$ 60	\$ 2,606	4,343.3	\$ 25,090	\$ 2,666	\$ 240	\$ 2,426	1,010.8	\$ 31,089
Contributions <sup>1</sup>	5,606	24,955	(19,349)	(77.5)	5,706	22,310	100,799	(78,489)	(77.9)	69,497
<b>Total revenue</b>	<b>(1) 8,272</b>	<b>25,015</b>	<b>(16,743)</b>	<b>(66.9)</b>	<b>30,796</b>	<b>24,976</b>	<b>101,039</b>	<b>(76,063)</b>	<b>(75.3)</b>	<b>100,586</b>
<b>Expense</b>										
Wages and benefits	4,041	5,540	1,499	27.1	3,919	10,760	16,619	5,859	35.3	34,078
Services	-	13,094	13,094	100.0	4,550	6,893	47,782	40,889	85.6	48,030
Materials and supplies	-	7,070	7,070	100.0	1,274	8	39,830	39,822	100.0	7,183
Utilities	3	163	160	98.2	-	5	488	483	99.0	-
Interfund admin fees	1,563	1,563	-	-	1,510	4,604	4,689	85	1.8	13,485
Other expenses	5,500	1,300	(4,200)	(323.1)	2,998	5,540	3,025	(2,515)	(83.1)	3,814
<b>Total expense</b>	<b>11,107</b>	<b>28,730</b>	<b>17,623</b>	<b>61.3</b>	<b>14,251</b>	<b>27,810</b>	<b>112,433</b>	<b>84,623</b>	<b>75.3</b>	<b>106,590</b>
<b>Income (loss) before depreciation</b>	<b>(2,835)</b>	<b>(3,715)</b>	<b>880</b>	<b>23.7</b>	<b>16,545</b>	<b>(2,834)</b>	<b>(11,394)</b>	<b>8,560</b>	<b>75.1</b>	<b>(6,004)</b>
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	-
<b>Net income (loss) before transfers</b>	<b>(2,835)</b>	<b>(3,715)</b>	<b>880</b>	<b>23.7</b>	<b>16,545</b>	<b>(2,834)</b>	<b>(11,394)</b>	<b>8,560</b>	<b>75.1</b>	<b>(6,004)</b>
<b>Net income (loss)</b>	<b>(2) \$ (2,835)</b>	<b>\$ (3,715)</b>	<b>\$ 880</b>	<b>23.7</b>	<b>\$ 16,545</b>	<b>\$ (2,834)</b>	<b>\$ (11,394)</b>	<b>\$ 8,560</b>	<b>75.1</b>	<b>\$ (6,004)</b>

<sup>1</sup> - Detailed schedule included.

<sup>1</sup> - Contributions include in-kind donations of services, supplies and materials from other BSD business units.



**Arts In Transit, Inc.**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Assets</b>							
Current assets							
Cash	\$ 95,240	\$ 92,574	\$ 2,666	2.9	\$ 91,426	\$ 3,814	4.2
Accounts and notes receivable	-	8,166	(8,166)	(100.0)	18,015	(18,015)	(100.0)
Total current assets	95,240	100,740	(5,500)	(5.5)	109,441	(14,201)	(13.0)
Total assets	95,240	100,740	(5,500)	(5.5)	109,441	(14,201)	(13.0)
<b>Total</b>	<u>\$ 95,240</u>	<u>\$ 100,740</u>	<u>\$ (5,500)</u>	(5.5)	<u>\$ 109,441</u>	<u>\$ (14,201)</u>	(13.0)

**Arts In Transit, Inc.**  
**Quarterly Statement of Financial Position**  
**March 31, 2021**  
(unaudited)

	Current				Prior Year		
	Current Period	Prior Period	Dollar Change	Percent Change	Prior Year	Dollar Change	Percent Change
<b>Liabilities</b>							
Current liabilities							
Interfund accounts payable	\$ -	\$ -	\$ -	n/a	\$ 2,215	\$ (2,215)	(100.0)
Other current liabilities	5,500	8,166	(2,666)	(32.6)	18,016	(12,516)	(69.5)
Total current liabilities	5,500	8,166	(2,666)	(32.6)	20,231	(14,731)	(72.8)
Total liabilities	5,500	8,166	(2,666)	(32.6)	20,231	(14,731)	(72.8)
<b>Net Position</b>							
Net position	\$ 92,574	\$ 92,574	\$ -	-	\$ 95,214	\$ (2,640)	(2.8)
Net income (loss)	(2,834)	-	(2,835)	n/a	(6,004)	3,170	52.8
Total net position	89,740	92,574	(2,834)	(3.1)	89,210	530	0.6
<b>Total</b>	<u>\$ 95,240</u>	<u>\$ 100,740</u>	<u>\$ (5,500)</u>	<u>(5.5)</u>	<u>\$ 109,441</u>	<u>\$ (14,201)</u>	<u>(13.0)</u>

**Art In Transit, Inc.**  
**Statement of Cash Flows**  
**For the Nine Months Ended March 31, 2021**  
(unaudited)

**Cash flows from operating activities**

Receipts from customers	\$ 10,832
Payments to vendors	(8,166)
Payments for self-insurance	-
Receipts (payments) from inter-fund activity	-
	<hr/>

**Net cash provided by (used in)  
operating activities**

---

2,666

**Supplemental disclosure of cash flow information**

In-kind donations	\$ 22,310
In-kind wages and benefits	(10,760)
In-kind services	(6,893)
In-kind materials and supplies	(8)
In-kind utilities	(5)
In-kind management fees	(4,604)
In-kind other operating expenses	(40)

**Cash flows from non capital financing activities**

None

**Cash flows from capital and related financing activities**

None

**Cash flows from investing activities**

None

**Net increase (decrease) in cash  
and cash equivalents**

2,666

**Cash and cash equivalents, beginning of year**

---

92,574

**Cash and cash equivalents, year to date**

---

\$ 95,240



# Self-Insurance Funds

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# Self-Insurance Fund – Financial Highlights

For the Nine Months Ended March 31, 2021

(Preliminary, subject to audit)

## Income Statement

1. **Total Revenue for the Self-Insurance Funds** before eliminations is \$36.1 million, which consists of revenue from Health (\$28.8 million), Casualty (\$2.6 million) and the Worker's Compensation (\$4.7 million).
2. **Total Claims Paid for the Combined Self-Insurance Funds, including stop loss and third party fees** is \$34.2 million.
3. **Health Self-Insurance net loss** is \$248.0 thousand.  
**Casualty Self-Insurance net income** is \$627.7 thousand.  
**Worker's Compensation net income** is \$444.7 thousand.

## Balance Sheet

Nothing of note.

## Cash Flow

1. **Cash flows from operating activities YTD is:**  
Positive \$217.3 thousand for **Health Self-Insurance**.  
Negative \$2.1 million for **Casualty Self-Insurance**.  
Negative \$3.0 million for **Worker's Compensation**.
2. **Net increase (decrease) in cash and cash equivalents is:**  
Positive \$218.4 thousand for **Health Self-Insurance**.  
Negative \$155.5 thousand for **Casualty Self-Insurance**.  
Negative \$2.2 million for **Worker's Compensation**.

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Self-Insurance Divisions  
Combining Statement of Activities by Business Division  
For the Nine Months Ended March 31, 2021  
(unaudited)**

	Health Self-Insurance	Casualty Self-Insurance	Workers Compensation Self-Insurance	Totals	Eliminations	Totals After Eliminations
<b>Revenue</b>						
Employee medical contributions	\$ 5,415,948	\$ -	\$ -	\$ 5,415,948	\$ -	\$ 5,415,948
Employee dental contributions	368,454	-	-	368,454	-	368,454
Employee gym membership	1,321	-	-	1,321	-	1,321
Bi-State Dev medical contributions	22,638,030	-	-	22,638,030	(172,829)	22,465,201
Bi-State Dev dental contributions	469,903	-	-	469,903	(4,138)	465,765
Bi-State Dev EAP contributions	24,423	-	-	24,423	(218)	24,205
Healthy savings plan	(157,941)	-	-	(157,941)	-	(157,941)
Charges for services - Casualty	-	2,614,250	-	2,614,250	-	2,614,250
Charges for services - Workers Compensation	-	-	4,728,821	4,728,821	-	4,728,821
Interest Income	1,066	2,197	6,923	10,186	-	10,186
<b>Total revenue</b>	<b>(1) 28,761,204</b>	<b>2,616,447</b>	<b>4,735,744</b>	<b>36,113,395</b>	<b>(177,185)</b>	<b>35,936,210</b>
<b>Expense</b>						
Wages and benefits	598,539	532,114	288,368	1,419,021	-	1,419,021
Services	292,396	43,860	14,880	351,136	-	351,136
Materials and supplies	11,993	1,117	157	13,267	-	13,267
Utilities	2,505	537	303	3,345	-	3,345
Casualty and liability costs	-	1,403,883	166,223	1,570,106	-	1,570,106
Other expenses	24,046	-	329,238	353,284	-	353,284
Med/Dental/Rx Claims less Rebates	(2) 27,919,985	-	-	27,919,985	(177,185)	27,742,800
Stop loss, third party fees, Medicare Part D	(2) 159,774	-	-	159,774	-	159,774
Casualty claims paid	(2) -	1,988,698	-	1,988,698	-	1,988,698
Workers Compensation claims paid	(2) -	-	4,291,002	4,291,002	-	4,291,002
<b>Total expense</b>	<b>29,009,238</b>	<b>3,970,209</b>	<b>5,090,171</b>	<b>38,069,618</b>	<b>(177,185)</b>	<b>37,892,433</b>
<b>Net income (loss) before transfers</b>	<b>(3) (248,034)</b>	<b>(1,353,762)</b>	<b>(354,427)</b>	<b>(1,956,223)</b>	<b>-</b>	<b>(1,956,223)</b>
Net transfers in (out)	-	1,981,510	799,169	2,780,679	-	2,780,679
<b>Net income (loss)</b>	<b>\$ (248,034)</b>	<b>\$ 627,748</b>	<b>\$ 444,742</b>	<b>\$ 824,456</b>	<b>\$ -</b>	<b>\$ 824,456</b>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Self-Insurance Divisions  
Quarterly Statement of Financial Position  
March 31, 2021  
(unaudited)**

	<b>Health Self-Insurance Division</b>	<b>Casualty Self-Insurance Division</b>	<b>Workers Compensation Self-Insurance Division</b>	<b>Totals</b>	<b>Interfund Eliminations</b>	<b>Totals After Eliminations</b>
<b>Assets</b>						
Current assets						
Cash	\$ 4,396,631	\$ 10,350,942	\$ 5,980,745	\$ 20,728,318	\$ -	\$ 20,728,318
Investments	-	-	2,403,846	2,403,846	-	2,403,846
Accounts and notes receivable	55,189	35,308	107,583	198,080	-	198,080
Interfund accounts receivable	-	631,366	3,310,407	3,941,773	(3,941,773)	-
Restricted accounts receivable	-	(94)	711	617	-	617
Other current assets	-	471,809	55,509	527,318	-	527,318
Total current assets	<u>4,451,820</u>	<u>11,489,331</u>	<u>11,858,801</u>	<u>27,799,952</u>	<u>(3,941,773)</u>	<u>23,858,179</u>
Total assets	<u>4,451,820</u>	<u>11,489,331</u>	<u>11,858,801</u>	<u>27,799,952</u>	<u>(3,941,773)</u>	<u>23,858,179</u>
<b>Total</b>	<u>\$ 4,451,820</u>	<u>\$ 11,489,331</u>	<u>\$ 11,858,801</u>	<u>\$ 27,799,952</u>	<u>\$ (3,941,773)</u>	<u>\$ 23,858,179</u>

**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Self-Insurance Divisions  
Quarterly Statement of Financial Position  
March 31, 2021  
(unaudited)**

	<b>Health Self-Insurance Division</b>	<b>Casualty Self-Insurance Division</b>	<b>Workers Compensation Self-Insurance Division</b>	<b>Totals</b>	<b>Interfund Eliminations</b>	<b>Totals After Eliminations</b>
<b>Liabilities</b>						
Current liabilities						
Interfund accounts payable	\$ 678,142	\$ -	\$ -	\$ 678,142	\$ (3,941,773)	\$ (3,263,631)
Accrued expenses	42,826	47,502	25,100	115,428	-	115,428
Total current liabilities	720,968	47,502	25,100	793,570	(3,941,773)	(3,148,203)
Current liab payable from restricted assets						
Short-term self-insurance	-	4,182,000	7,374,000	11,556,000	-	11,556,000
Medical self-insurance liability	4,354,327	-	-	4,354,327	-	4,354,327
Total current liabilities payable from restricted assets	4,354,327	4,182,000	7,374,000	15,910,327	-	15,910,327
Total current liabilities	5,075,295	4,229,502	7,399,100	16,703,897	(3,941,773)	12,762,124
Non-current liabilities						
Other post-employment benefits	163,796	144,088	45,683	353,567	-	353,567
Long-term self-insurance	-	6,211,000	7,325,000	13,536,000	-	13,536,000
Unfunded pension liabilities	46,260	164,484	61,681	272,425	-	272,425
Total non-current liabilities	210,056	6,519,572	7,432,364	14,161,992	-	14,161,992
Total liabilities	5,285,351	10,749,074	14,831,464	30,865,889	(3,941,773)	26,924,116
<b>Net Position</b>						
Net position	(585,497)	112,509	(3,417,405)	(3,890,393)	-	(3,890,393)
Net income (loss)	(248,034)	627,748	444,742	824,456	-	824,456
Total net position	(833,531)	740,257	(2,972,663)	(3,065,937)	-	(3,065,937)
<b>Total</b>	<b>\$ 4,451,820</b>	<b>\$ 11,489,331</b>	<b>\$ 11,858,801</b>	<b>\$ 27,799,952</b>	<b>\$ (3,941,773)</b>	<b>\$ 23,858,179</b>



**Bi-State Development Agency of the  
Missouri-Illinois Metropolitan District  
Self-Insurance Funds  
Statement of Cash Flows  
For the Nine Months Ended March 31, 2021  
(unaudited)**

	Health Self-Insurance Fund	Casualty Self- Insurance Fund	Workers Compensation Self- Insurance Fund	Total	Total After Eliminations	Eliminations
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ (5,504)	\$ 2,629,776	\$ 4,724,695	\$ 7,348,967	- \$	7,348,967
Payments to employees	(660,989)	(386,250)	(233,357)	(1,280,596)	-	(1,280,596)
Payments to vendors	(737,227)	(517,320)	(509,518)	(1,764,065)	-	(1,764,065)
Payments for self-insurance	(27,717,801)	(3,392,581)	(4,457,225)	(35,567,607)	-	(35,567,607)
Receipts (payments) from inter-fund activity	29,338,859	(472,951)	(2,596,359)	26,269,549	-	26,269,549
<b>operating activities</b>	<b>(1) 217,338</b>	<b>(2,139,326)</b>	<b>(3,071,764)</b>	<b>(4,993,752)</b>	<b>-</b>	<b>(4,993,752)</b>
<b>Cash flows from non capital financing activities</b>						
Net transfers	-	1,981,510	799,169	2,780,679	-	2,780,679
<b>non capital financing activities</b>	<b>-</b>	<b>1,981,510</b>	<b>799,169</b>	<b>2,780,679</b>	<b>-</b>	<b>2,780,679</b>
<b>Cash flows from capital and related financing activities</b>						
Contributed capital	-	(1)	-	(1)	-	(1)
<b>related financing activities</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>
<b>Cash flows from investing activities</b>						
Interest received	1,066	2,291	41,627	44,984	-	44,984
<b>investing activities</b>	<b>1,066</b>	<b>2,291</b>	<b>41,627</b>	<b>44,984</b>	<b>-</b>	<b>44,984</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2) 218,404</b>	<b>(155,526)</b>	<b>(2,230,968)</b>	<b>(2,168,090)</b>	<b>-</b>	<b>(2,168,090)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,178,227</b>	<b>10,506,468</b>	<b>10,615,559</b>	<b>25,300,254</b>	<b>-</b>	<b>25,300,254</b>
<b>Cash and cash equivalents, year to date</b>	<b>\$ 4,396,631</b>	<b>\$ 10,350,942</b>	<b>\$ 8,384,591</b>	<b>\$ 23,132,164</b>	<b>- \$</b>	<b>23,132,164</b>



# Staffing

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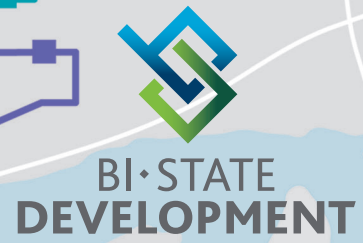
**BI-STATE DEVELOPMENT  
STAFFING LEVEL REPORT  
March 2021**

	EMPLOYEES AT END OF MONTH				BUDGETED POSITIONS	VARIANCE	PERCENT VARIANCE
	PRIOR MONTH	ADDED	DELETED	CURRENT MONTH			
A.T.U. Maintenance & Operations:							
Light Rail Vehicle Operators	100	0	(1)	99	102	(3)	-2.9%
PT Bus Operators	3	0	(1)	2	18	(16)	-88.9%
Bus Operators	793	1	(11)	783	898	(115)	-12.8%
Van Operators	175	0	(7)	168	188	(20)	-10.6%
Vehicle Maintenance	262	1	(1)	262	283	(21)	-7.4%
MetroBus Support Services and Facility Maintenance	23	1	(2)	22	25	(3)	-12.0%
Right of Way Maintenance	48	3	0	51	53	(2)	-3.8%
Revenue Operations & Maintenance	12	0	0	12	15	(3)	-20.0%
Materials Management	25	0	(1)	24	27	(3)	-11.1%
<b>SUBTOTAL A.T.U. Maintenance &amp; Operations</b>	<b>1,441</b>	<b>6</b>	<b>(24)</b>	<b>1,423</b>	<b>1,609</b>	<b>(186)</b>	<b>-11.6%</b>
Other: Adjustment to report	-21						
A.T.U. Clerical Unit	36	0	(1)	35	52	(17)	-32.7%
I.B.E.W.	57	0	(1)	56	66	(10)	-15.2%
Salaried	466	12	(6)	472	540	(68)	-12.6%
<b>SUBTOTAL Other</b>	<b>538</b>	<b>0</b>	<b>(8)</b>	<b>563</b>	<b>658</b>	<b>(95)</b>	<b>-14.4%</b>
<b>TOTAL</b>	<b>1,979</b>	<b>6</b>	<b>(32)</b>	<b>1,986</b>	<b>2,267</b>	<b>(281)</b>	<b>-12.4%</b>
ARCH							
Salaried:	19	0	0	19	17	2	11.8%
Hourly:*	68	5	(4)	69	84	(15)	-17.9%
<b>TOTAL ARCH</b>	<b>87</b>	<b>5</b>	<b>(4)</b>	<b>88</b>	<b>101</b>	<b>(13)</b>	<b>-12.9%</b>
<b>AIRPORT</b>	<b>10</b>	<b>0</b>	<b>(1)</b>	<b>9</b>	<b>12</b>	<b>(3)</b>	<b>-25.0%</b>
RIVERBOAT CRUISES							
Salaried:	7	0	0	7	11	(4)	-36.4%
Hourly:*	71	2	(34)	39	49	(10)	-20.4%
<b>TOTAL RIVERBOAT CRUISES</b>	<b>78</b>	<b>2</b>	<b>(34)</b>	<b>46</b>	<b>60</b>	<b>(14)</b>	<b>-23.3%</b>
<b>EXECUTIVE OFFICE</b>	<b>26</b>	<b>0</b>	<b>(2)</b>	<b>24</b>	<b>27</b>	<b>(3)</b>	<b>-11.1%</b>
<b>GRAND TOTAL</b>	<b>2,180</b>	<b>13</b>	<b>(73)</b>	<b>2,153</b>	<b>2,467</b>	<b>(314)</b>	<b>-12.7%</b>

Does not include Security Officers, Interns or Temporary Employees

\*Includes PT and Seasonal - Actual depends on availability; Budget based on average hours

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One Metropolitan Square  
211 North Broadway, Suite 700  
St. Louis, MO 63102-2759  
314.982.1400  
[Finance@BiStateDev.org](mailto:Finance@BiStateDev.org)

**BI-STATE DEVELOPMENT  
TREASURER'S REPORT  
Quarter Ended March 31, 2021**

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**INVESTMENTS**

***Yields:***

Bi-State investments had an average yield of 0.06% for the month of March, down from 0.07% in December. The Federal Reserve continues to keep the Federal Funds rate near zero, and does not expect to raise rates until 2024. However, as the economy recovers from the pandemic, and inflation is expected to rise, the market is predicting a rate hike as early as December 2021.

***Invested Funds:***

In March, Bi-State directed approximately \$202 million of cash and investments. Approximately 18.9% of the invested funds were invested in U.S. Treasury or U.S. Government Agency securities, and 2.3% were invested in collateralized Certificates of Deposit (CDs). The balance was invested in AAA rated money market funds. The average maturity of Bi-State investments was approximately 80 days.

**DEBT MANAGEMENT**

***Debt Restructuring, 2020:***

On July 21, 2020, the Agency issued its tax-exempt \$12.5 million par Series 2020A Bonds, and taxable \$158.3 million par Series 2020B Bonds, in order to generate debt service savings. Together, the 2020 Bonds refunded \$160 million of the Series 2013A, and generated savings for Bi-State in a number of areas:

- Saved \$17.5 million in debt service savings in FY2021 without an increase in debt service in any future year.
- Generated \$22 million in debt service savings (in 2020 dollars) over the life of the bonds.
- Lowered the required reserve on Series 2013A from \$19.3 million to \$12.6million.

***Debt Restructuring, 2019:***

On September 12, 2019, Bi-State successfully sold its \$164,430,000 Series 2019 Bonds. The deal closed on September 26, 2019, and a true interest cost of 2.87% was achieved. The bond restructuring refunded all \$97 million of the Series 2009 and \$90 million of the Series 2013A Cross County Bonds, achieving important short and long-term financial objectives for Bi-State:

- Generated \$49.1 million in debt service savings (in 2019 dollars) over the life of the bonds.
- Returned \$19.9 million of these savings to fund public safety infrastructure improvements.
- Eliminated the requirement to secure the Series 2019 debt with a debt service reserve fund, and lowered the required reserve on Series 2013A from \$23.6 to \$19.3 million.
- Brought 2013 subordinate bonds to senior lien status.

***Series 2013A and 2013B Bonds:***

On July 1, 2013, Bi-State successfully sold its \$381,225,000 Series 2013A Bonds at a rate of 4.75%. Between 2013 and 2015, St Louis County approved three loan advances using the Prop A Capital Reserve to reduce borrowing costs. The first loan for \$75 million was granted in 2013, with an interest rate of 1.06%. St Louis County approved the second loan in 2014 for \$30 million at 1.04%, and the third loan in 2015 for \$30,000 at

1.02%, allowing Bi-State to refund a portion of the 2013A debt. In September 2019, Series 2019 refunded an additional \$90 million, leaving the total 2013A principal outstanding at \$182,175,000.

***Arch Tram Revenue Bonds, 2014:***

On December 3, 2014, Bi-State closed on the Series 2014 Taxable Arch Tram Revenue Bonds. These bonds have a par value of \$7,656,000 and a 30-year term. The initial fixed rate term is 10 years with a fixed interest rate of 4.016%. The funds from this bond issuance will pay for the cost of issuance, a portion of the interior roof over the Arch visitor's center, and the replacement of the motor generator sets. The debt service requirement is approximately \$454 thousand.

***Bi-State Development/St. Clair County Transit District Revenue Bonds Refunding, 2014:***

On December 4, 2014, Bi-State and St Clair County Transit District closed on the \$4,160,000 issuance of the Series 2014 Bi-State Development/St Clair County Metrolink Extension Project Refunding Revenue Bonds. The refunding provides a savings of approximately \$700,000 in debt service expenses. It also eliminated the need for the debt service reserve funding of approximately \$450 thousand.

***Capital Leases:***

Bi-State has one remaining capital lease, its 2001 LRV Lease (C1, C2 Tranches). In February 2011, staff negotiated a default cure agreement with the 2001 C1 C2 lease investor. The agreement provided that Bi-State deposit additional collateral with the lease trustee, of which the St. Clair County Transit District (SCCTD) provided 70%. Our current collateral requirement is approximately \$5.5 million.

**FUEL HEDGING**

In March, in conjunction with its diesel fuel hedging program, Bi-State had a *realized gain* of approximately \$42.6 thousand and an *unrealized gain* of approximately \$2.1 million on the sale of Home Heating Oil #2 futures contracts. March oil prices ended the month at \$59.16 a barrel, a 21.9% increase since the end of December. Generally, as the price of oil increases, the value of Bi-State's future positions also increases. A gain in the futures partially offsets the actual increase in the cost of diesel fuel. If oil prices drop, the value of the futures decline. An increase in unrealized gains generally indicates that the price of fuel is rising, and losses generally indicate oil prices are falling.

# BI-STATE DEVELOPMENT - QUARTERLY TREASURER'S REPORT SUMMARY



BI-STATE DEVELOPMENT															
AS OF:		31-Mar-2021				28-Feb-2021				31-Jan-2021					
	Wt. Avg. Maturity (1)	Dollars (,000 omitted)	Percentage Of Total	Rate	Market Value (2)	Wt. Avg. Maturity (1)	Dollars (,000 omitted)	Percentage Of Total	Rate	Market Value (2)	Wt. Avg. Maturity (1)	Dollars (,000 omitted)	Percentage Of Total	Rate	Market Value (2)
BI-STATE DIRECTED:															
Cash	0	\$19,980	12.2%	0.00%	\$19,980	0	\$16,576	10.6%	0.00%	\$16,576	0	\$16,285	10.4%	0.00%	\$16,285
Certificates of Deposit	328	3,002	1.8%	0.07%	3,002	359	3,002	1.9%	0.07%	3,002	22	3,000	1.9%	0.16%	3,000
U.S. Agencies (coupon)	577	8,500	5.2%	0.18%	8,494	608	8,500	5.4%	0.18%	8,496	636	8,500	5.4%	0.18%	8,496
U.S. Treasury Securities	300	15,469	9.5%	0.35%	15,524	331	15,469	9.9%	0.35%	15,531	245	18,968	12.1%	0.31%	19,043
Other Investments (3)	1	116,701	71.3%	0.02%	116,701	1	113,280	72.2%	0.02%	113,280	1	110,463	70.3%	0.02%	110,463
SUB-TOTAL BI-STATE	65	\$163,652	100.0%	0.07%	\$163,701	73	\$156,827	100.0%	0.07%	\$156,885	65	\$157,216	100.0%	0.07%	\$157,287
BI-STATE DIRECTED-PROP M:															
Certificates of Deposit	260	\$1,626	4.2%	0.07%	\$1,626	291	\$1,626	4.1%	0.07%	\$1,626	319	\$1,626	3.9%	0.07%	\$1,626
U.S. Agencies (coupon)	555	5,000	13.0%	0.19%	4,995	586	5,000	12.5%	0.19%	4,996	614	5,000	12.0%	0.19%	4,997
U.S. Treasury Securities	258	9,193	23.8%	0.09%	9,101	279	9,193	22.9%	0.09%	9,108	256	11,193	26.8%	0.12%	11,118
Other Investments (3)	1	22,791	59.0%	0.01%	22,791	1	24,319	60.6%	0.01%	24,319	1	23,909	57.3%	0.01%	23,909
SUB-TOTAL PROP M	145	\$38,610	100.0%	0.05%	\$38,513	149	\$40,138	100.0%	0.05%	\$40,049	155	\$41,728	100.0%	0.06%	\$41,650
TOTAL BI-STATE DIRECTED	80	\$202,262		0.06%	\$202,214	89	\$196,965		0.06%	\$196,934	84	\$198,944		0.07%	\$198,937
TRUSTEE DIRECTED:															
Cash	0	\$0	0.0%	0.00%	\$0	0	\$0	0.0%	0.00%	\$0	0	\$0	0.0%	0.00%	\$0
Municipal Bonds	512	1,331	2.4%	3.68%	1,318	543	1,331	2.4%	3.68%	1,319	571	1,331	2.4%	3.68%	1,324
U.S. Agencies (coupon)	281	16,339	29.2%	2.61%	16,462	302	16,339	29.2%	2.61%	16,487	330	16,339	29.3%	2.61%	16,538
U.S. Treasury Securities	128	24,057	42.9%	0.53%	24,048	140	27,557	49.3%	0.46%	27,556	37	3,500	6.3%	0.00%	3,500
Other Investments (3)	1	14,298	25.5%	0.01%	14,298	1	10,662	19.1%	0.01%	10,662	1	34,597	62.0%	0.01%	34,597
SUB-TOTAL TRUSTEE	94	\$56,025	100.0%	1.08%	\$56,126	101	\$55,889	100.0%	1.08%	\$56,024	111	\$55,767	100.0%	0.86%	\$55,959
TOTAL BI-STATE & TRUSTEE	83	\$258,287		0.28%	\$258,340	92	\$252,854		0.29%	\$252,958	90	\$254,711		0.24%	\$254,896
LRV LEASE1:															
Cash	0	5,468	4.0%	0.00%	5,468	0	5,467	4.0%	0.00%	5,467	0	5,468	4.0%	0.00%	5,468
US Treasury Securities	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0	0	0	0.0%	0.00%	0
Other Investments (4)	1	131,927	96.0%	5.80%	131,927	1	131,214	96.0%	5.80%	131,214	1	130,501	96.0%	5.80%	130,501
SUB-TOTAL LRV		\$137,395	100.0%	5.57%	\$137,395		\$136,681	100.0%	5.57%	\$136,681		\$135,969	100.0%	5.57%	\$135,969
Grand Total (5)		\$395,682			\$395,735		\$389,535			\$389,639		\$390,680			\$390,865

## Explanatory Notes:

- (1) Approximate weighted average of days to effective maturity, from last business day of the month.
- (2) Market value of government securities provided by safekeeping agent. Cost equals market for other investments.
- (3) Includes money market funds and fuel hedging accounts.
- (4) Investment Contracts (leases). Values of investment contracts adjusted to conform to lease payment schedules.
- (5) All amounts preliminary and subject to audit and adjustment.

Prepared by: *[Signature]* 05/06/21

Reviewed by: *[Signature]* 5/7/21  
 Date  
 Tammy Fulbright, Sr. Dir. of Financial Planning



BI-STATE DEVELOPMENT  
MONTHLY TREASURER'S REPORT- ALL COMPANIES  
BANK / ISSUER SUMMARY as of:

3/31/2021

Section 1 Bank/Issuer Summary

BI-STATE DIRECTED *	CASH	CERTIFICATES OF DEPOSIT	REPURCHASE AGREEMENTS	OTHER	GOVERNMENT SECURITIES	COMMERCIAL PAPER\ BA's	TOTAL	MARKET VALUE	NOTES
<i>all non debt/lease assets, Inc. Prop M:</i>									
BANK OF AMERICA MERRILL LYNCH	1,379,437	0	0	0	0	0	1,379,437	1,379,437	FDIC\tri-party collateral(deposits).
BLACK ROCK	0	0	0	61,020,672	0	0	61,020,672	61,020,672	Money Market Fund (Govt. Securities).
COMMERCE BANK	0	4,628,515	0	0	0	0	4,628,515	4,628,515	FDIC\FRB collateral.
FIDELITY	0	0	0	0	0	0	0	0	Money Market Fund (First Tier\Prime)
INVESCO	0	0	0	72,812,241	0	0	72,812,241	72,812,241	Money Market Fund (First Tier\Prime)
JEFFERSON BANK & TRUST	96,011	0	0	0	0	0	96,011	96,011	FDIC; repo collateral held at JBT.
JP MORGAN CHASE	13,715	0	0	0	0	0	13,715	13,715	FDIC (bank acct.)MMKT (First Tier\Prime)
OPTUM	0	0	0	0	0	0	0	0	FDIC\FRB collateral.
BENEFLEX	4,307	0	0	0	0	0	4,307	4,307	FDIC\FRB collateral.
HEALTHSCOPE	50,370	0	0	0	0	0	50,370	50,370	FDIC\FRB collateral.
PNC BANK	17,620,528	0	0	0	0	0	17,620,528	17,620,528	FDIC\FRB collateral.
RBC DAIN RAUSCHER	0	0	0	81,854	0	0	81,854	81,854	Commodities Margin Acct. (fuel hedging)
RJ O'BRIEN	0	0	0	5,576,744	0	0	5,576,744	5,576,744	Commodities Trading Acct. (fuel hedging)
RELANCE BANK	0	0	0	0	0	0	0	0	FDIC\FRB collateral.
U.S. BANK	(85,210)	0	0	0	0	0	(85,210)	(85,210)	FDIC\FRB Collateral.
FARM CREDIT BANK	0	0	0	0	7,500,000	0	7,500,000	7,498,253	Safekept at Bank of America (BOA).
FEDERAL HOME LOAN BANK	0	0	0	0	6,000,000	0	6,000,000	5,990,986	Safekept at Bank of America (BOA).
U.S. TREASURY	0	0	0	0	24,662,137	0	24,662,137	24,625,043	Safekept by BOA or designated agent.
OTHER	901,082	0	0	0	0	0	901,082	901,082	
<b>sub-total BI-State directed</b>	<b>19,980,240</b>	<b>4,628,515</b>	<b>0</b>	<b>139,491,511</b>	<b>38,162,137</b>	<b>0</b>	<b>202,262,403</b>	<b>202,214,548</b>	
<b>TRUSTEE DIRECTED</b>									
<b>DEBT ISSUES</b>									
<b>Arch Bonds, Series 2014</b>									
<b>BANK OF NEW YORK MELLON</b>									
GOLDMAN	0	0	0	1,312,339	0	0	1,312,339	1,312,339	Money Market Fund (First Tier\Prime).
<b>Cross County Bonds, Series 2013, 2019</b>									
<b>BOK FINANCIAL</b>									
BANK OF NEW YORK	0	0	0	0	0	0	0	0	FDIC Insured.
FEDERATED GOVT OBLIG	0	0	0	12,985,047	0	0	12,985,047	12,985,047	Money Market Fund (First Tier\Prime).
MORGAN STANLEY	0	0	0	0	0	0	0	0	Safekept at BOKF
GOVERNMENT AGENCIES	0	0	0	0	16,339,210	0	16,339,210	16,461,594	Safekept at BOK Financial
MUNICIPAL BONDS	0	0	0	0	1,331,326	0	1,331,326	1,317,868	Safekept at BOK Financial
U.S. TREASURY	0	0	0	0	24,057,387	0	24,057,387	24,048,042	Safekept at BOK Financial
<b>sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,297,386</b>	<b>41,727,923</b>	<b>0</b>	<b>56,025,309</b>	<b>56,124,890</b>	
<b>SUB-TOTAL TRUSTEE (BONDS)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,297,386</b>	<b>41,727,923</b>	<b>0</b>	<b>56,025,309</b>	<b>56,124,890</b>	
<b>SUB-TOTAL BI-STATE AND TRUSTEE</b>	<b>19,980,240</b>	<b>4,628,515</b>	<b>0</b>	<b>153,788,897</b>	<b>79,890,060</b>	<b>0</b>	<b>258,287,712</b>	<b>258,339,438</b>	
<b>LRV Lease\Leaseback 2001 C1 C2</b>									
FSA\AIG	0	0	0	131,927,261	0	0	131,927,261	131,927,261	Guaranteed Investment Contract (GIC).
US TREASURY	5,467,707	0	0	0	0	0	5,467,707	5,467,707	Safekept by Lease Trustee.
<b>sub-total</b>	<b>5,467,707</b>	<b>0</b>	<b>0</b>	<b>131,927,261</b>	<b>0</b>	<b>0</b>	<b>137,394,968</b>	<b>137,394,968</b>	
<b>sub-total leases</b>	<b>5,467,707</b>	<b>0</b>	<b>0</b>	<b>131,927,261</b>	<b>0</b>	<b>0</b>	<b>137,394,968</b>	<b>137,394,968</b>	
<b>GRAND TOTAL</b>	<b>25,447,947</b>	<b>4,628,515</b>	<b>0</b>	<b>285,716,158</b>	<b>79,890,060</b>	<b>0</b>	<b>395,682,680</b>	<b>395,734,406</b>	



## **INVESTMENT CATEGORY DESCRIPTIONS**

**CASH:** Demand deposit accounts. Some accounts are consolidated by bank for presentation purposes. Negative balances generally reflect check float. Bi-State's bank accounts are protected either by Federal Deposit Insurance Corporation (FDIC), or collateralized with securities pledged to Bi-State and held either in a segregated customer account, tri-party account, or at the Federal Reserve.

**CERTIFICATES OF DEPOSIT:** Non-negotiable certificates of deposit, protected by FDIC insurance, AAA rated surety or Letter of Credit, or collateralized with securities placed in joint safekeeping with Bi-State at the Federal Reserve Bank.

**BANKER'S ACCEPTANCE (BAs):** Negotiable investment instruments created by banks to finance commercial trade transactions. Bi-State's investment policy permits purchase of BAs only from banks rated "B" or better by Fitch Ratings (formerly Thomson BankWatch-see ratings descriptions below).

**REPURCHASE AGREEMENTS (REPOs):** An investment created by the simultaneous sale and repurchase of a security (usually a government security) for different settlement dates. Bi-State's repos are collateralized with securities held in segregated customer accounts, or at the Federal Reserve.

**OTHER:** Interest checking, money market funds, guaranteed investment contracts (GICs) and investment agreements. Also includes fuel hedging related accounts. Bi-State's policy restricts use of money market funds to Triple A rated institutional funds which have over \$500 million in assets.

**GOVERNMENT SECURITIES:** Securities (bills, discount notes, strips, coupon notes and bonds), issued by the U.S. Treasury or U.S. Government Agencies. Some securities are subject to "call" (redemption before stated final maturity).

**COMMERCIAL PAPER:** Short-term unsecured promissory note that is the obligation of the issuing entity, generally a large corporation (see ratings descriptions below).

**NOTE:** Permitted Bi-State investments are specified in Board Policy 30.040. All investments are shown at cost, unless otherwise noted. Market values shown for government securities or commercial paper are considered "subject to market" and provided for informational use only. Cost or par approximates market for other investments, and some of these may be subject to penalty for early redemption.

## **CREDIT QUALITY RATING DEFINITIONS (also see Page 9)**

### **Standard & Poor's, Moody's Investor Services, Fitch:**

**AAA** Standard & Poor's, Moody's and Fitch rate credit quality on an A to C scale, with A generally regarded as "upper investment grade" and C as "speculative" (D would indicate default). Within each category are different gradients. The triple A rating indicates that the issuer's long term unsecured debt rating or specific investment instrument (such as money market funds) are of the highest credit quality (lowest expectation of risk.) The AAA rating is assigned only when there is exceptionally strong capacity for timely payment of financial commitments.

**A1-P1** Commercial Paper issues rated "A-1 by Standard and Poor's and "P-1" by Moody's have the greatest capacity for timely payment (least risk). Bi-State's investment policy permits purchase of A2-P2 commercial paper from issuers with a business presence in the St. Louis region.

**BI-STATE DEVELOPMENT  
ANNUAL INVESTMENT REPORT  
FOR MOST CURRENT 12 MONTHS**

<b>Funds (ooo's omitted)</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>Jul-20</b>	<b>Aug-20</b>	<b>Sep-20</b>	<b>Oct-20</b>	<b>Nov-20</b>	<b>Dec-20</b>	<b>Jan-21</b>	<b>Feb-21</b>	<b>Mar-21</b>
Bi-State Investments	146,157	137,593	185,180	165,872	167,396	<b>166,948</b>	165,361	158,212	158,779	157,216	<b>156,827</b>	<b>163,652</b>
Bi-State Prop M Investments	<b>45,859</b>	44,852	39,253	39,255	42,704	43,341	41,640	42,564	43,189	41,728	40,138	<b>38,610</b>
Total	192,016	182,445	224,433	205,127	210,100	210,289	207,001	200,776	201,968	198,944	196,965	<b>202,262</b>
Trustee Investments	59,409	59,635	59,433	78,963	67,747	68,008	56,001	55,647	55,590	55,767	55,889	<b>56,025</b>

<b>Yields/Rates Information</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>Jul-20</b>	<b>Aug-20</b>	<b>Sep-20</b>	<b>Oct-20</b>	<b>Nov-20</b>	<b>Dec-20</b>	<b>Jan-21</b>	<b>Feb-21</b>	<b>Mar-21</b>
Bi-State	0.53%	0.24%	0.18%	0.17%	0.12%	0.12%	0.11%	0.12%	0.07%	0.07%	0.07%	<b>0.07%</b>
Prop M	0.62%	0.32%	0.31%	0.29%	0.19%	0.17%	0.17%	0.18%	0.06%	0.06%	0.05%	<b>0.05%</b>
<b>Average</b>	<b>0.55%</b>	<b>0.26%</b>	<b>0.20%</b>	<b>0.19%</b>	<b>0.13%</b>	<b>0.13%</b>	<b>0.12%</b>	<b>0.13%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.06%</b>	<b>0.06%</b>
Trustee	1.22%	1.18%	1.10%	0.91%	1.63%	0.80%	0.97%	0.98%	0.86%	0.24%	1.08%	<b>1.08%</b>
<b>3-Month Treasury Bills</b>	<b>0.09%</b>	<b>0.14%</b>	<b>0.16%</b>	<b>0.09%</b>	<b>0.11%</b>	<b>0.10%</b>	<b>0.09%</b>	<b>0.08%</b>	<b>0.09%</b>	<b>0.06%</b>	<b>0.04%</b>	<b>0.03%</b>
1 Year Treasury	0.16%	0.17%	0.16%	0.11%	0.12%	0.12%	0.13%	0.11%	0.10%	0.10%	0.08%	<b>0.07%</b>
Fed Funds (target)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	<b>0.25%</b>
20-Year Municipals	2.56%	2.16%	2.21%	2.09%	2.20%	2.21%	2.34%	2.13%	2.12%	2.14%	2.35%	<b>2.35%</b>
SIFMA (BMA) Index (month end)	0.22%	0.14%	0.09%	0.16%	0.09%	0.11%	0.12%	0.11%	0.09%	0.04%	0.03%	<b>0.07%</b>

## ANNUAL YIELDS



Diesel Fuel Hedging Program - FY 2020						
	<b>Diesel Fuel Budget \ Actual Comparison:</b>	<b>Jan-21</b>	<b>Feb-21</b>	<b>Mar-21</b>	<b>Year to Date</b>	<b>Life to Date</b>
a	Gallons consumed-actual	308,337	285,039	353,889	3,055,497	98,365,463
b=(c/a)	Average cost per gallon-actual	\$ 1.62	\$ 1.75	\$ 1.78	\$ 1.43	\$ 2.06
c	<b>Total Diesel Fuel Cost-Actual</b>	<b>\$ 500,462</b>	<b>\$ 497,564</b>	<b>\$ 628,896</b>	<b>\$ 4,371,151</b>	<b>\$ 203,057,415</b>
d	Gallons consumed- budget	415,320	379,586	431,068	3,934,338	103,663,423
e=(f/d)	Average cost per gallon- budget	\$ 1.99	\$ 1.99	\$ 1.99	\$ 1.99	\$ 2.27
f	<b>Total Diesel Fuel Cost- Budget</b>	<b>\$ 824,992</b>	<b>\$ 754,010</b>	<b>\$ 856,273</b>	<b>\$ 7,815,169</b>	<b>\$ 235,539,641</b>
g=(f-c)	<b>Budget Variance (Unfavorable)</b>	<b>\$ 324,530</b>	<b>\$ 256,446</b>	<b>\$ 227,377</b>	<b>\$ 3,444,018</b>	<b>\$ 32,482,226</b>
h	<b>Realized Futures Gains (Losses)</b>	<b>\$ (57,947)</b>	<b>\$ 7,904</b>	<b>\$ 42,580</b>	<b>\$ (1,289,085)</b>	<b>\$ (853,694)</b>
i=(c-h)	<b>Net Cost of Fuel</b>	<b>\$ 558,409</b>	<b>\$ 489,660</b>	<b>\$ 586,316</b>	<b>\$ 5,660,236</b>	<b>\$ 203,911,109</b>
j=(i-f)	<b>Net Budget Variance (Unfavorable)</b>	<b>\$ 266,583</b>	<b>\$ 264,350</b>	<b>\$ 269,957</b>	<b>\$ 2,154,933</b>	<b>\$ 31,628,532</b>
j=(i/f)	Net Cost of Fuel, Per Gallon, inc. Hedge	\$ 1.81	\$ 1.72	\$ 1.66	\$ 1.85	\$ 2.07
k=(e-i)	Net Budget Variance Per Gallon	\$ 0.18	\$ 0.27	\$ 0.33	\$ 0.13	\$ 0.20
<b>Futures Activity:</b>					<b>Price of Barrel of Oil:</b>	
	Futures Contracts Purchased	56	8	8	<b>Date</b>	<b>Price</b>
	Futures Contracts Sold	21	16	16	11/30/2020	\$ 45.34
	Futures Contracts Net Change at month end	35	(8)	(8)	12/31/2020	\$ 48.52
	Total Open Futures Contracts, at month end	263	255	239	01/31/2021	\$ 52.50
	Futures Contracts Unrealized Gain/(Loss) *	(\$695,520)	\$152,372	\$2,078,546	02/28/2021	\$ 61.50
	(% of Estimated Future Consumption)	88%	82%	83%	03/31/2021	\$ 59.16
* = At month end						
<b>Explanatory Notes:</b>						
Consumption budgeted at approximately 100,000 gallons per week.						
Current diesel contracts: diesel =Platts +10.17 cents per gal.; B2 diesel= Platts + 10.93 cents per gal.						
A futures contract equals 42,000 gallons.						
Numbers above rounded.						
Amounts do not include transaction or consulting costs.						
Futures Contracts are purchased from May 2021 through Jul 2023 (27 months).						
<b>Background:</b>						
Linwood Capital is a consultant retained by Bi-State since April 2004 to assist with its energy price risk management program.						
Bi-State manages the cost of fuel by utilizing purchase of exchange traded futures, specifically NYMEX Heating Oil#2 (HO#2) futures.						
Generally, as oil prices increase, the value of the futures goes up, and acts to partially offset the actual increase in the price of fuel.						

**Bi-State Development  
Monthly Investment Report  
Report of Term Investment\* Purchases: March 2021**

Item	Investment:	Par Amount	Settled	Maturity Date	Term(days)	Yield	Purchased From	Fund
*Note: There were no new investment purchases in March.								
	<b>Total</b>	<b>\$ -</b>						

**Notes:**  
 \* Investments with an original term of over 14 days.

Bi-State Development Agency dba Metro							
Credit Ratings of Financial Institutions (see also page 5)							
Depository Banks:	Long-Term Debt Rating			Short-Term Debt Rating			Fitch Bank Rating
	S&P	Moody's	Fitch	S&P	Moody's	Fitch	
Bank of America, N.A.	A+	Aa2	AA	A-1	P-1	F1+	NA
Commerce Bank	A	A2		A-1	P-1		NA
PNC Bank	A	Aa2	AA-	A-1	P-1	F1+	NA
Trust Companies:							
Bank of New York Mellon Trust	AA-	Aa1	AA+	A-1+	P-1	F1+	NA
BOK Financial	A-	A3	A	A-2	P-1	F1	NA
Money Market Funds:		S&P		Moody's			
Black Rock Fed Trust	AAAm		Aaa-mf				
Black Rock Fed Fund	AAAm		Aaa-mf				
Black Rock T Fund	AAAm		Aaa-mf				
FFI Treasury Fund	AAAm		Aaa-mf				
Columbia (BOA/Merrill) Money	AAAm		Aaa-mf				
Columbia (BOA/Merrill) Government	AAAm		Aaa-mf				
Dreyfus Government Cash Management	AAAm		Aaa-mf				
Federated Treasury	AAAm		Aaa-mf				
Federated Government	AAAm		Aaa-mf				
Fidelity Government	AAAm		Aaa-mf				
Fidelity Treasury	AAAm		Aaa-mf				
Goldman Financial Government	AAAm		Aaa-mf				
Invesco Government and Age	AAAm		Aaa-mf				
Invesco Treasury	AAAm		Aaa-mf				
Wells Fargo Treasury	AAAm		Aaa-mf				
Other:	Long-Term Debt Rating						
	S&P	Moody's	Fitch				
AIG (2001 LRV Lease)	A+	A2	A+	NA = Fitch overall bank ratings or LT debt ratings have been withdrawn			
U.S. Treasury	AA+	Aaa	AAA				
Federal Home Loan Bank (FHL)	AA+	Aaa					
Federal Farm Credit Bank (FCB)	AA+	Aaa	AAA				

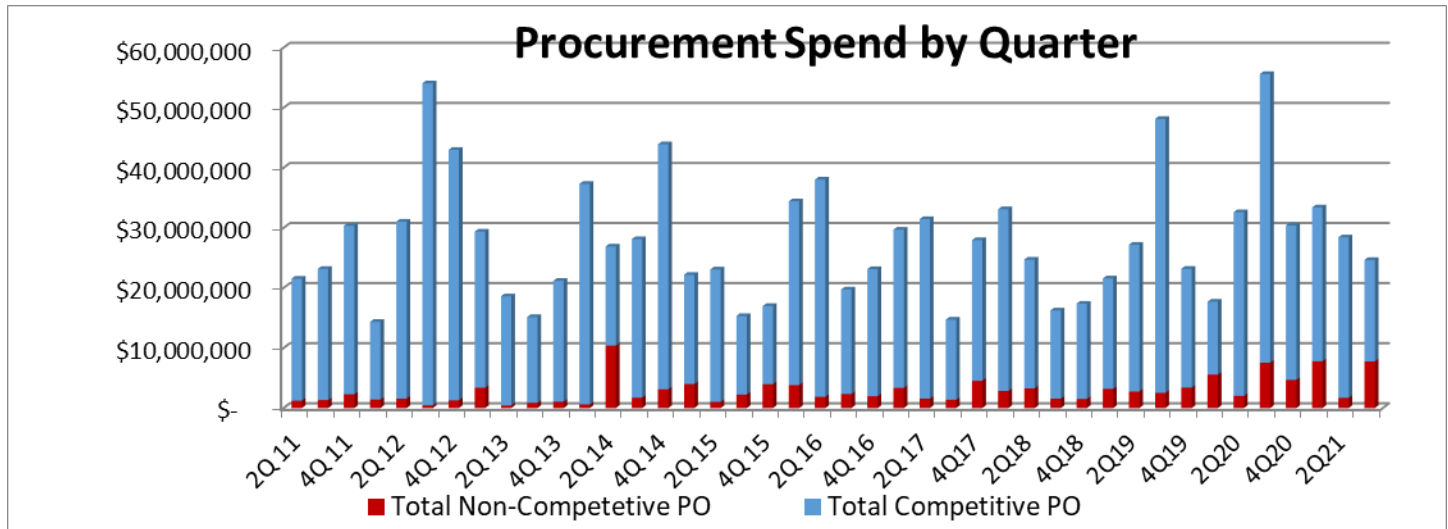
Bi-State Development						
Mass Transit Sales Tax Appropriation Cross-County Bonds & St Louis County Loan						
Series	2013		2019	2020A	2020B	Total Cross County
	2013A Bonds	2013B Loan	Refunding	Refunding	Refunding	
Issue date	1-Aug-13	1-Aug-13	26-Sep-19	21-Jul-20	21-Jul-20	
Principal (original)	\$381,225,000	\$75,000,000	\$164,430,000	\$12,950,000	\$158,225,000	
<b>Principal (currently outstanding)</b>	<b>\$22,125,000</b>	<b>\$135,000,000</b>	<b>\$164,430,000</b>	<b>\$12,950,000</b>	<b>\$158,255,000</b>	<b>\$492,760,000</b>
Lien on 1¼ cent Prop M, Prop M2, Prop A tax	Senior	Subordinate	Senior	Senior	Senior	
Stand alone credit rating (S&P\Moody's\Kroll)	AA+\Aa2\NA	NA	AA+\NA\AA+	AA-\Aa2\AA+	AA-\Aa2\AA+	
Maturity date(s)	2048	2053	2048	2045	2043	
Optional Call Date	Various	Anytime	2029	2030	2030	
Optional Put Date	NA	2018	NA	NA	NA	
Interest rate mode	Fixed	1% + SIFMA	Fixed	Fixed	Fixed	
Rate	3.00%-5.00%	1.02%-1.06%	3.00%-5.00%	4.00%	0.75%- 3.00%	
Interest pmt. Dates (4/1 &10/1)	April, October	April, October	April, October	April, October	April, October	
<b>Annual debt service:</b>						
Interest - FY 2021	\$5,094,906	\$1,413,000	\$7,086,500	\$359,722	\$2,292,147	\$16,246,275
Principal - (Previous payment 10/1/20 - \$10,445,000) (next payment 10/1/21 - \$12,230,000)	\$10,855,000	\$0	\$0	\$0	\$1,375,000	\$12,230,000
<b>total princ.&amp;int.</b>	<b>\$15,949,906</b>	<b>\$1,413,000</b>	<b>\$7,086,500</b>	<b>\$359,722</b>	<b>\$3,667,147</b>	<b>\$28,476,275</b>
Debt Service Reserve Fund (DSRF)	\$12.5 million in DSRF with bond trustee, Bank of Oklahoma Financial.	NA	NA	Common DSRF with 2013A	Common DSRF with 2013A	
Other	Refunded Series 2002A,B,C, 2007, and Series 2010B.	Refunded Series 2010A Bonds	Refunding balance of 2009, and 2013A Bonds Maturing in 2019, 2028, 2046 and 2048	Refunding balance of 2013A Bonds Maturing in 2020		



**Procurement Activity Report**  
**Non-Competitive Procurement Trend**

Third Quarter FY2021

Third Quarter 2021 Non-Competitive Procurements totaled \$7,755,232 or 31.5.0% of total Purchase Order Commitment volume of \$24,646,475.



Rolling last 12 months Non-Competitive Procurements totaled \$21,894,895 or 18.7% of total Purchase Order Commitment volume of \$116,814,056.

