

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT

Urbana, Illinois

**Financial Statements  
and Supplementary Information**

For the Years Ended

June 30, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Champaign-Urbana Mass Transit District  
Urbana, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Champaign-Urbana Mass Transit District (the District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial



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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios - IMRF, Schedule of Employer Contributions - IMRF, Notes to the Required Supplementary Information - IMRF, and Schedule of Changes in the Total OPEB Liability and Related Ratios – Other Post-Employment Benefits, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule 1 is presented for purposes of additional analysis. The accompanying Schedules 2 through 8 are presented for the purpose of additional analysis as required by the Illinois Department of Transportation. Accompanying Schedules 9 through 11, including the Schedule of Expenditures of Federal Awards, are presented for purposes of additional analysis as required by

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The information included in Schedules 1 through 11 is not a required part of the basic financial statements.

The schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information including the information in the Schedule of Expenditures of Federal Awards, is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Champaign, Illinois  
January 10, 2019

**CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2018 and 2017**

Management's Discussion and Analysis (MD&A) is an introduction to the basic financial statements and supplementary information of the District. MD&A should be read in conjunction with the basic financial statements, notes to financial statements, and supplementary information. MD&A provides management's perspective on the performance of the District in the current year and its financial condition at year-end.

The District manages the Champaign County Area Rural Transit System (C-CARTS) under an intergovernmental agreement with Champaign County at a net zero cost to the District. This report consolidates the financial activities of the District and C-CARTS. Discussion of C-CARTS operating activities are excluded from the District's MD&A.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Karl Gnad, Managing Director, Champaign-Urbana Mass Transit District, 1101 East University Avenue, Urbana, Illinois 61802-2009.

**Business Overview**

The District employs approximately 350 employees and provides several mobility services including fixed-route buses, direct van service, ADA Paratransit service, a Half-Fare Cab program and a SafeRides program. Fixed routes are those that operate on a set timetable serving specific destinations throughout Champaign, Urbana, Savoy, and the University of Illinois Campus, and are served by 30-foot, 40-foot and 60-foot buses equipped with adjustable wheelchair ramps to aid boarding. ADA Paratransit service is a curb-to-curb transportation service available to persons with disabilities who are unable to use fixed-route services. The Half-Fare Cab Program offers discounted cab rides taken within the MTD boundaries to seniors 65 and older and to riders with disabilities. SafeRides is a program that provides safe transportation to individuals who are generally traveling alone, when no other means of safe transportation are available within designated SafeRides boundaries.

Similar to the District, C-CARTS provides two types of transportation service, demand response and fixed route. Demand response provides safe, convenient, and reliable curb-to-curb transportation service to the general public in Champaign County within rural areas or between rural and urbanized areas, that lie outside of the Champaign-Urbana Mass Transit District, and fixed route provides services within the Village of Rantoul. C-CARTS expenses are 100% funded by state and federal operating grants, subsidies from the entities receiving the service, and fare collections resulting in a net zero cost to the District.

The District focuses on improving mobility in the region, with a particular emphasis on public transit service. Partnering with city and county planners, state and federal agencies, school districts, the University of Illinois and other organizations, MTD serves as a general advocate and participates actively to promote regional mobility improvements and to support land use and developmental patterns for all modes of travel.

**Fiscal Year 2018 Highlights**

The District's financial condition remained stable and strong, with State of Illinois Operating Assistance funding supporting 65% of all eligible operating expenses.

Fiscal year 2018 closed with annual passenger ridership totaling 11,528,385 riders, a 4.7% decrease over fiscal 2017. The District primarily attributes this drop to the multi-corridor construction project (MCORE) and an increase in on-campus student housing. The District believes the drop is also attributable to the introduction of designated stops system-wide in August. The long-term goals of MCORE upon completion in 2020 or 2021 are improvements in service, safety, and ridership.

In the first quarter of the fiscal year, Amy Snyder, Customer Service Director, was named by Mass Transit Magazine as a 40 Under 40 recipient. This annual, national award recognizes outstanding young individuals making a name in the public transportation industry. During the third quarter, the District began issuing renewable passes for veterans allowing unlimited bus rides for three years, and during the last quarter, the District launched the Token Transit mobile ticketing app, which allows riders to buy and validate fares using their smartphones.

Future major projects for the District include expansion of the District's downtown transportation hub, Illinois Terminal, along with the acquisition of New Flyer 60 foot zero-emission fuel cell electric buses with supporting hydrogen infrastructure. The "hydrogen" project will be the first commercial deployment of articulated fuel cell buses in the United States. The District will produce hydrogen on site partially from renewable sources. Lastly, the District is in the final stages of implementing a merged system called MTD2071 to facilitate compliance with the International Organization for Standardization (ISO) for ISO 9001 Quality Management System and ISO 14001 Environmental Management System with the goal of systematically improving customer satisfaction and reducing environmental impacts.

### **Fiscal Year 2017 Highlights**

The District's financial condition remained stable and strong, with State of Illinois Operating Assistance funding supporting 65% of all eligible operating expenses.

Fiscal year 2017 closed with annual passenger ridership totaling 12,099,043 riders, a 5.3% decrease over fiscal 2016. The District primarily attributes this drop to the multi-corridor construction project (MCORE) and an increase in on-campus student housing. The District believes the drop is also attributable to lower fuel prices and favorable weather patterns. Despite the overall annual drop in ridership, MTD scheduled 1,386 more ADA trips than scheduled in fiscal year 16.

In April 2017, the District hired a new Chief Operating Officer. Andrew Johnson joins the District with 20 years of experience in public transportation and is the President of the Illinois Public Transportation Association (IPTA). He also sits on the Board of Directors and serves as the Chairman of the Small Operations Committee for the American Public Transportation Association (APTA).

### **Using This Annual Report**

The basic financial statements are the statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows. These financial statements were prepared using the full accrual accounting method similar to businesses in the private sector.

The statement of net position presents the financial position of the District on a full accrual historical cost basis. The statement of net position provides information on all the assets and liabilities of the District, with the difference between the two being the District's net position. Increases or decreases in net position are one indicator of whether the District's financial position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position provides the performance of the District over its fiscal year, which is the twelve-month period ended June 30. This statement presents the detail of how the net position presented on the statement of net position changed over the fiscal year. All activities that increase or decrease net position are reflected on this statement when they occur rather than when the related cash flow occurs.



The cash flow statement presents the increase or decrease in cash and cash equivalents during the fiscal year resulting from the operating, financing and investing activities of the District. This statement simply presents the increases and decreases in cash and cash equivalents without regard to related revenues/receivables and expenses/liabilities.

The notes to financial statements provide further information on the items reported in the basic financial statements. This information is essential for the reader of this report to acquire a full understanding of the amounts in the financial statements and other commitments and events not reflected in the financial statements. The supplementary information also provides further detail on operating expenses and the state operating grant of the District.

### **The District as a Whole**

The District's net position increased slightly from the prior year, increasing from \$84.4 million to \$84.9 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District.

**Table 1**  
**Net Position**  
**(In Millions)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 40.6	\$ 43.0	\$ 34.0
Capital assets	67.2	69.0	50.9
Deferred outflows of resources	<u>3.4</u>	<u>7.6</u>	<u>10.1</u>
Total assets and deferred outflows	<u>111.2</u>	<u>119.6</u>	<u>95.0</u>
Current and other liabilities	9.3	18.7	7.9
Long-term liabilities	9.7	14.8	18.8
Deferred inflows of resources	<u>7.3</u>	<u>1.7</u>	<u>0.8</u>
Total liabilities and deferred inflows	<u>26.3</u>	<u>35.2</u>	<u>27.5</u>
Net position			
Net investment in capital assets	64.1	57.5	50.9
Restricted by enabling legislation	.7	-	-
Unrestricted	<u>20.1</u>	<u>26.9</u>	<u>16.6</u>
<b>Total net position</b>	<u>\$ 84.9</u>	<u>\$ 84.4</u>	<u>\$ 67.5</u>

### **Fiscal Year 2018**

The District's net position increased by .6% (\$84.9 million compared to \$84.4 million for fiscal 2017). Total assets and deferred outflows decreased by \$8.4 million. Current and other assets decreased by \$2.4 million and capital assets decreased by \$1.8 million. Deferred outflows of resources related to the pension liability decreased \$4.2 million this year.

Current liabilities decreased by \$9.4 million and long-term liabilities decreased \$5.1 million.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements, decreased by \$6.8 million.

**Fiscal Year 2017**

The District's net position increased by 25.1% (\$84.4 million compared to \$67.5 million for fiscal 2016). Total assets and deferred outflows increased by \$24.6 million. Current and other assets increased by \$9 million and capital assets increased by \$18.1 million. Deferred outflows of resources related to the pension liability decreased \$2.5 million this year.

Current liabilities increased by \$10.8 million and long-term liabilities decreased \$4 million.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements, increased by \$10.3 million.

**Table 2**  
**Changes in Net Position**  
**(In Millions)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues			
Revenues from transportation services	\$ 7.8	\$ 7.9	\$ 7.9
C-CARTS	.2	.1	.1
Other operating revenues	<u>1.1</u>	<u>1.0</u>	<u>1.0</u>
Total operating revenues	<u>9.1</u>	<u>9.0</u>	<u>9.0</u>
Operating expenses			
Operations	22.7	22.0	21.2
Maintenance	7.0	6.0	6.3
General administration and Illinois Terminal	6.6	6.1	5.8
C-CARTS	0.7	0.6	0.6
Depreciation	<u>6.6</u>	<u>5.8</u>	<u>5.8</u>
Total operating expenses	<u>43.6</u>	<u>40.5</u>	<u>39.7</u>
Operating loss	<u>(34.5)</u>	<u>(31.5)</u>	<u>(30.7)</u>
Non-Operating Revenues			
Taxes	8.7	8.2	7.5
Assistance Grants - CUMTD	26.3	30.3	21.4
Assistance Grants – C-CARTS	.5	.5	.5
Other Non-Operating Revenues	<u>(0.0)</u>	<u>0.1</u>	<u>0.1</u>
Total non-operating revenues	<u>35.5</u>	<u>39.1</u>	<u>29.5</u>
Income (loss) before capital contributions	1.0	7.6	(1.2)
Capital contributions			
Capital grants	<u>1.0</u>	<u>9.3</u>	<u>6.3</u>
Change in net position	<u>2.0</u>	<u>16.9</u>	<u>5.1</u>
<b>Net position, beginning of year, as previously presented</b>	84.4	67.5	62.4
<b>Cumulative effect of GASB Statement 75 adopted</b>	<u>(1.5)</u>	<u>-</u>	<u>-</u>
<b>Net position, beginning of year, restated</b>	<u>82.9</u>	<u>67.5</u>	<u>62.4</u>
<b>Net position, end of year</b>	<u>\$ 84.9</u>	<u>\$ 84.4</u>	<u>\$ 67.5</u>

### **Fiscal Year 2018**

The District's operating revenue remained nearly constant while operating expenses minus depreciation and C-CARTS operating expenses increased by 6.5% (\$2.2 million).

The increase in operating expenses minus depreciation and C-CARTS operating expenses was primarily due to:

- A \$1.2 million increase in wages and fringe benefits.
- A \$.6 million increase in material and supply expenses, primarily due to rolling stock maintenance expenses and increased cost of fuel.
- A \$.4 million increase in outsourced service expenses.

### **Fiscal Year 2017**

The District's operating revenue remained constant while operating expenses minus depreciation and C-CARTS operating expenses increased by 2.4% (\$.8 million).

The \$.8 million increase (2.4%) in operating expenses minus depreciation was primarily due to:

- A \$.7 million increase in Bus Operator wages and fringe benefits.
- A \$.3 million increase in material and supply expenses, primarily due to rolling stock maintenance expenses and building repairs.
- A \$.2 million decrease in outsourced service expenses.

### **Budgetary Highlights**

#### **Fiscal Year 2018**

The Board of Trustees approved the District's budget for fiscal year 2018 on June 28, 2017. The budget included operating expenses of \$43.7 million as amended on September 27, 2017, excluding depreciation and C-CARTS operating expenses, and included \$5.3 million of debt service.

- Actual operating revenue was \$8.9 million, \$1.2 million more than budgeted for fiscal year 2018.
- Actual debt service was \$4.2 million, \$1.1 million under budget for fiscal year 2018.
- Actual operating expenses, less depreciation and C-CARTS operating expenses, of \$36.3 million were \$2.1 million under budget primarily due to the following:
  - Labor and fringe benefit expenses were \$.6 million under budget.
  - Supply expenses were \$1.6 million under budget.

#### **Fiscal Year 2017**

The Board of Trustees approved the District's budget for fiscal year 2017 on June 29, 2016. The budget included operating expenses of \$53.6 million, excluding depreciation and C-CARTS operating expenses, and included \$13.9 million of debt service.

- Actual operating revenue was \$8.9 million, \$1.2 million more than budgeted for fiscal year 2017.
- Actual debt service was \$12.7 million, \$1.2 million under budget for fiscal year 2017.

- Actual operating expenses, less depreciation and C-CARTS operating expenses, were \$34.1 million and \$5.6 million under budget primarily due to the following:
  - Labor and fringe benefit expenses were \$3.7 million under budget.
  - Supply expenses were \$1.8 million under budget.

**Capital Asset Administration**

At the end of fiscal year 2018, the District had \$67.2 million invested in a broad range of capital assets for a decrease of \$1.8 million over fiscal year 2017.

**Fiscal Year 2018 Major Additions Included**

1207 E. University – Commercial Driver’s License (CDL) Training Center	\$ 2,514,564
Procurement of 4 Hybrid Buses – 40 ft	<u>2,419,842</u>

<b>Total</b>	<u>\$ 4,934,406</u>
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The District’s fiscal year 2018 capital budget called for \$4.5 million in local dollars plus \$5.3 million of State of Illinois debt service funds. The fiscal year 2018 budget for locally funded capital projects includes:

Architectural & Engineering	\$ 500,000
Passenger Shelters	300,000
Land Purchases	450,000
Miscellaneous Facility Improvements	200,000
MCORE Multimodal Corridor	<u>3,000,000</u>
<b>Total</b>	<u>\$ 4,450,000</u>

More detailed information about the District’s capital assets is presented in Notes 2 and 6 to the financial statements.

At the end of fiscal year 2017, the District had \$69 million invested in a broad range of capital assets for an increase of \$18.1 million over fiscal year 2016.

**Fiscal Year 2017 Major Additions Included**

Purchase of Land & Buildings	\$ 1,160,000
803 E. University - Maintenance Facility Expansion	4,082,796
Procurement of 30 Hybrid Buses – 40 ft	<u>18,294,455</u>

<b>Total</b>	<u>\$ 23,537,251</u>
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The District's fiscal year 2017 capital budget called for \$1.9 million in local dollars plus \$13.9 million of State of Illinois debt service funds. The fiscal year 2017 budget for locally funded capital projects includes:

Architectural & Engineering	\$ 500,000
Passenger Shelters	300,000
1101 Boiler Replacement	55,000
Miscellaneous Facility Improvements	30,000
MCORE Multimodal Corridor	<u>1,000,000</u>
 Total	 <u>\$ 1,885,000</u>

More detailed information about the District's capital assets is presented in Notes 2 and 6 to the financial statements.

### **Long-term Debt Activity**

#### **Fiscal Year 2018 and 2017**

The District has three long-term debt obligations: an early retirement plan liability, a pension liability, and other postemployment benefits (OPEB) liability.

The early retirement plan liability increased \$.1 million during fiscal year 2018 as compared to a \$.2 million decrease during fiscal year 2017. Future changes in the liability accrual for the early retirement plan cannot be predicted, as participation is at the discretion of eligible employees. More detailed information about the District's early retirement plan liability is presented in Note 8 to the financial statements.

The pension liability decreased \$6.7 million during fiscal year 2018, along with a \$3.9 million decrease during fiscal year 2017. Net pension liability recognition began in fiscal year 2015 due to the implementation of GASB 68. No pension liabilities had been recorded in prior fiscal years. More detailed information about the District's pension liability is presented in Note 11 to the financial statements.

The other postemployment benefits (OPEB) liability increased \$.01 million during fiscal year 2018. GASB Statement 75 was adopted effective 7/1/17 and a cumulative OPEB liability of \$1.5 million was recorded as of that date. No OPEB liabilities had been recorded prior to fiscal year 2018 under the previous accounting standard. More detailed information about the District's OPEB liability is presented in Note 12.

It is unclear whether the District will take on additional long-term debt in the coming years for the acquisition of property, construction and equipment.

### **Economic Factors and Next Year's Budget**

- The District's total appropriations budget for fiscal year 2019 is \$56.4 million. This consists of \$54.6 million in projected operating expenses, including \$14.6 million in debt service, excluding depreciation, and excluding \$1.8 million in projected capital expenditures.
- The State of Illinois Operating Assistance budget for fiscal year 2019 has been approved. The contract was fully executed on September 26, 2018 for eligible operating expense reimbursement up to \$36.4 million, including \$14.6 million of debt service.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Statements of Net Position  
June 30, 2018 and 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2018	2017
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,970,652	\$ 16,509,303
Receivables		
Property Tax, Net of Allowance of \$16,576 and \$20,000, Respectively	3,934,113	3,628,197
State Operating Assistance Grant - CUMTD, Net of Grant Payables	6,598,652	2,524,117
Other	849,431	1,245,143
Inventories	1,244,178	1,202,583
Prepaid Expenses	1,347,742	246,995
Total Current Assets	<u>17,944,768</u>	<u>25,356,338</u>
<b>Property and Equipment, Net</b>		
Land and Construction in Progress, Not Being Depreciated	3,439,736	4,589,935
Other Property and Equipment, Net of Depreciation	63,740,743	64,386,863
Property and Equipment, Net	<u>67,180,479</u>	<u>68,976,798</u>
<b>Other Assets</b>		
Capital Reserves:		
Cash and Cash Equivalents	17,232,565	12,166,847
Investments	5,446,807	5,430,776
Total Other Assets	<u>22,679,372</u>	<u>17,597,623</u>
Total Assets	107,804,619	111,930,759
<b>Deferred Outflows of Resources</b>		
Deferred Amount Related to Net Pension Liability	3,409,396	7,679,661
Total Assets and Deferred Outflows of Resources	<u>\$ 111,214,015</u>	<u>\$ 119,610,420</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

<b>Current Liabilities</b>		
Accounts Payable	\$ 981,701	\$ 2,450,125
Accrued Expenses	3,424,596	3,065,872
Unredeemed Yearly Passes and Tokens	90,176	67,894
Accrued Interest	6,922	6,240
Workers' Compensation Liability	124,678	166,357
Obligations Under Incentive and Early Retirement Plans	125,538	127,037
Notes Payable	3,086,695	11,450,159
Other Current Liabilities	1,487,073	1,347,850
Total Current Liabilities	<u>9,327,379</u>	<u>18,681,534</u>
<b>Long-Term Liabilities</b>		
Net Pension Liability	7,604,149	14,343,595
OPEB Liability	1,563,090	-
Obligations Under Incentive and Early Retirement Plans, Net of Current	548,272	424,231
Total Long-Term Liabilities	<u>9,715,511</u>	<u>14,767,826</u>
Total Liabilities	19,042,890	33,449,360
<b>Deferred Inflows of Resources</b>		
Deferred Amount Related to Net Pension Liability	7,247,280	1,758,067
Deferred Amount Related to OPEB Liability	25,148	-
Total Deferred Inflows of Resources	<u>7,272,428</u>	<u>1,758,067</u>
<b>Net Position</b>		
Net Investment in Capital Assets	64,093,784	57,526,639
Restrict by Enabling Legislation for Pension Expenditures	695,706	-
Unrestricted	20,109,207	26,876,354
Total Net Position	<u>84,898,697</u>	<u>84,402,993</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 111,214,015</u>	<u>\$ 119,610,420</u>

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
 Statements of Revenues, Expenses, and Changes in Net Position  
 For the Years Ended June 30, 2018 and 2017

	2018	2017
<b>Operating Revenues</b>		
Yearly Passes	\$ 6,261,547	\$ 6,167,888
Full Adult Fares	614,766	659,310
Rental of Equipment and Buildings	695,956	708,375
Student Fares and School Bus Service	576,809	550,618
ADA Services	293,348	276,810
Advertising	303,210	330,517
Half-Fare Cab	77,571	80,398
C-CARTS	170,713	135,137
Miscellaneous	87,564	111,888
Total Operating Revenues	9,081,484	9,020,941
<b>Operating Expenses</b>		
Operations	22,668,185	22,041,815
Maintenance	7,019,076	5,970,621
General Administration	5,357,302	4,683,249
Illinois Terminal	1,193,026	1,395,218
C-CARTS	685,556	629,290
Depreciation	6,630,659	5,804,305
Total Operating Expenses	43,553,804	40,524,498
<b>Operating Income (Loss)</b>	(34,472,320)	(31,503,557)
<b>Non-Operating Revenues (Expenses)</b>		
Property Taxes	8,479,049	7,971,511
State Replacement Taxes	215,547	229,707
Government Grants and Assistance		
State Operating Assistance - CUMTD	26,336,601	30,291,453
State Operating Assistance - C-CARTS	380,999	340,285
Federal Operating Assistance - C-CARTS	153,871	153,871
Gain (Loss) on Disposal of Property and Equipment	42,884	68,498
Interest Expense	(160,541)	(28,985)
Investment Income	91,258	54,075
Total Non-Operating Revenues (Expenses)	35,539,668	39,080,415
<b>Net Income (Loss) Before Capital Contributions</b>	1,067,348	7,576,858
<b>Capital Contributions</b>		
Capital Grants	977,638	9,372,404
<b>Change in Net Position</b>	2,044,986	16,949,262
<b>Net Position, Beginning of Year, As Previously Reported</b>	84,402,993	67,453,731
<b>Cumulative Effect of Adoption of GASB Statement 75 for OPEB</b>	(1,549,282)	-
<b>Net Position, Beginning of Year, As Restated</b>	82,853,711	67,453,731
<b>Net Position, End of Year</b>	\$ 84,898,697	\$ 84,402,993

See Accompanying Notes



CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Statements of Cash Flows  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from Customers	\$ 8,828,192	\$ 9,191,356
Payments to Vendors	(17,223,163)	(15,915,570)
Payments to Employees	(18,012,261)	(17,736,208)
Net Cash Provided by (Used in) Operating Activities	<u>(26,407,232)</u>	<u>(24,460,422)</u>
<b>Cash Flows From Non-Capital and Related Financing Activities</b>		
State Operating Assistance Grants Proceeds Received	22,643,065	28,432,312
Federal Operating Assistance Grant Proceeds Received	153,871	153,871
Tax Proceeds Received	8,392,757	8,058,052
Net Cash Provided by (Used in) Non-Capital and Related Financing Activities	<u>31,189,693</u>	<u>36,644,235</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Federal and State Capital Grant Proceeds Received	1,654,972	11,351,287
Proceeds from the Sale of Property and Equipment	456,746	68,498
Purchases of Property and Equipment	(729,892)	(13,873,425)
Advances on Notes Payable	50,000	-
Principal Paid on Notes Payable	(13,592,463)	-
Interest Paid on Notes Payable	(159,859)	(22,745)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(12,320,496)</u>	<u>(2,476,385)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	1,690,000	2,500,000
Purchase of Investments	(1,706,031)	(2,561,558)
Interest Received	81,133	50,812
Net Cash Provided by (Used in) Investing Activities	<u>65,102</u>	<u>(10,746)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(7,472,933)	9,696,682
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>28,676,150</u>	<u>18,979,468</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 21,203,217</u>	<u>\$ 28,676,150</u>
<b>Presented on the Statement of Net Position as Follows:</b>		
Cash and Cash Equivalents	\$ 3,970,652	\$ 16,509,303
Capital Reserves-Cash and Cash Equivalents	17,232,565	12,166,847
Total	<u>\$ 21,203,217</u>	<u>\$ 28,676,150</u>
<b>Noncash Capital and Related Financing Activities</b>		
Capital Assets Donated by Grants	<u>\$ -</u>	<u>\$ 152,704</u>
Capital Assets Acquired Through Debt Issuance	<u>\$ 5,178,999</u>	<u>\$ 11,450,159</u>

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Statements of Cash Flows  
For the Years Ended June 30, 2018 and 2017

	2018	2017
<b>Reconciliation of Operating Income (Loss)</b>		
<b>to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income (Loss)	\$ (34,472,320)	\$ (31,503,557)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Depreciation	6,630,659	5,804,305
Changes in Assets and Liabilities:		
Other Receivables	(275,574)	182,971
Inventories	(41,595)	(179,053)
Prepaid Expenses	(1,100,747)	933,080
Deferred Outflow of Resources	4,270,265	2,459,940
Accounts Payable and Accrued Expenses	(490,690)	2,584,720
Unredeemed Yearly Passes and Tokens	22,282	(12,556)
Net Pension Liability	(6,739,446)	(3,899,883)
OPEB Liability	13,808	-
Obligations to Employees Under Incentive and Early Retirement Plans	122,542	(228,983)
Other Current Liabilities	139,223	(1,548,994)
Deferred Inflows of Resources Related to Net Pension Liability	5,489,213	947,588
Deferred Inflows of Resources Related to OPEB Liability	25,148	-
Net Adjustments	8,065,088	7,043,135
Net Cash Provided by (Used in) Operating Activities	\$ (26,407,232)	\$ (24,460,422)

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Notes to Basic Financial Statements  
June 30, 2018 and 2017

**1. Nature of Operations and the Reporting Entity**

The Champaign-Urbana Mass Transit District (the District) is a governmental unit that provides public transportation for the people of Champaign-Urbana, Illinois. The District operates as an enterprise fund, which accounts for operations in a manner similar to private business enterprises – where the intent of the governing body (the Board of Trustees) is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered in part through user charges.

The reporting entity of the District was determined based on the oversight responsibility and scope of the public services provided. Oversight responsibility is measured by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, there are no agencies or other units that have been or should be combined with the financial statements of the District.

The District also manages the Champaign County Area Rural Transit System (C-CARTS) under an intergovernmental agreement with Champaign County. C-CARTS provides two types of transportation service, demand response and fixed route. Demand response provides safe, convenient, and reliable curb-to-curb transportation service to the general public in Champaign County within rural areas or between rural and urbanized areas, that lie outside of the Champaign-Urbana Mass Transit District, and fixed route provides services within the Village of Rantoul. C-CARTS expenses are funded by state and federal operating grants, subsidies from the entities receiving services, and fare collections resulting in a net zero cost to the District.

For the year ended June 30, 2018, the District adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this standard caused the District to record a cumulative adjustment to June 30, 2017 net position representing the initial liability for postemployment benefits other than pensions. The District also adopted GASB Statement Number 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The adoption of this standard had no impact on the District's financial statements.

**2. Summary of Significant Accounting Policies**

- a. The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other

sources of accounting and financial reporting guidance noted in GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

- b. For the purposes of preparing the statement of cash flows, the District considers restricted and unrestricted currency, demand deposits, and money market accounts as cash and cash equivalents.
- c. State statutes authorize the District to invest in: direct obligations of federally insured banks and savings and loan associations; insured obligations of Illinois credit unions; securities issued or guaranteed by the U.S. Government; money market mutual funds investing only in U.S. Government based securities; commercial paper of U.S. corporations with assets over \$500 million; short-term obligations of the Federal National Mortgage Association; repurchase agreements; and the investment pools managed by the State Treasurer of Illinois.
- d. The District levies property taxes each year, on all taxable real property located within the District, on or before the last Tuesday in December. The 2017 tax levy was passed by the Board of Trustees on December 13, 2017. Property taxes attach as an enforceable lien on property as of January 1 each year and are payable in two installments on June 1, and September 1. The District receives significant distributions of tax receipts approximately one month after these due dates. Revenue from property taxes is recognized in the period for which it was levied. Property tax revenue for the years ended June 30, 2018 and 2017 was from the 2017 and 2016 levies, respectively. Property tax receivables have been reduced to the estimated amount to be collected based on historical collection experience. Property taxes paid by constituents may be contested. The District has recorded unearned revenue of \$1,119,155 for the years ended June 30, 2018 and 2017, that represents property taxes collected from two constituents that have contested their property tax payments. The unearned revenue is included in other current liabilities on the statements of net position.
- e. Inventory is stated at the lower of cost or market. Cost is determined on an average cost basis.
- f. Property and equipment are recorded at cost, while contributed capital assets are valued at estimated acquisition value at the time of contribution. Major additions and those expenditures that substantially increase the useful life of an asset are capitalized. The District's capitalization threshold for property and equipment is \$10,000 per unit. Maintenance, repairs, and minor additions and expenditures are expensed when incurred. The District provides for depreciation using the straight-line method with the following useful lives:

	<u>Years</u>
Structure	
Building	40-50
Remodeling	10-25
Carpet	5
Vans and Autos	5-7
Buses	12
Office Equipment	5-12
Bus Accessories and Parts	10-12
Bus Shelters	3-10
Radios	5-10
Shop Equipment	7-10
Tow Truck	5-10

- g. The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has only one item that qualifies for reporting in this category at June 30, 2018 and 2017, pension related deferred outflows. The pension related deferred outflow consists of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date of the net pension liability, December 31, 2017 and 2016, but before the end of the District's reporting periods of June 30, 2018 and 2017, respectively. This item will be included in the net pension liability and pension expense calculation in subsequent fiscal years.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category, pension related deferred inflows and other postemployment benefits related deferred inflows. The pension-related deferred inflow consists of unrecognized items not yet charged to pension expense. This item will be included in the net pension liability and pension expense calculation in subsequent fiscal years. The OPEB-related deferred inflow consists of unrecognized items not yet charged to OPEB expense. This item will be included in the OPEB liability and OPEB expense calculations in subsequent fiscal years.

- h. The District calculates the liability for unused sick leave using the vesting method. The District considers the liability for accrued compensated absences to be a current liability, and it is included with accrued expenses on the statements of net position.
- i. The District's net position is classified as follows:
- Net Investment in Capital Assets – This represents the District's capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent funds related to that debt

at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- Restricted Net Position – This includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation.
- Unrestricted Net Position – This includes resources that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first then unrestricted resources as they are needed.

- j. Revenue from the corporate personal property replacement tax is recognized in the period when the taxes have been collected by the state of Illinois.
- k. Operating revenues include all revenues from the provision of a service by the District. These services include the provision of public transportation, the rental of facilities and land, and the leasing of advertising signage on revenue vehicles. All other revenues are considered non-operating or other revenues.
- l. Operating grant revenue is recognized as it is earned. Capital grant revenue is recorded as capital grant expenditures are incurred.
- m. The proceeds from the sale of yearly passes are recorded as liabilities (unearned) when received, and the revenue is recorded evenly throughout the period for which the passes apply.
- n. Assets that are not available to finance general obligations of the District are reported as restricted on the statements of net position. The District’s policy is to apply restricted resources first when an expense is incurred for a purpose for which restricted and unrestricted net position is available.
- o. Federal and state grants are subject to grantor agency compliance audits. Management believes losses, if any, resulting from those compliance audits are not material to these financial statements.
- p. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimates at June 30, 2018 include the allowance for uncollectible property taxes, the useful lives of capital assets, the valuation of the liability for pensions, the valuation of the liability for other post-employment benefits and the allowable expenses charged to grants.

### 3. Deposits and Investments

#### *Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank's failure, the District's deposits may not be returned to it. The District's investment policy addresses custodial credit risk by requiring the diversification of the deposits so that losses at any one institution will be minimized. At June 30, 2018, \$21,816,432 of the District's \$28,013,239 bank balance, which reconciled to a book balance of \$21,203,217 of cash and cash equivalents and \$5,446,807 of investments, was exposed to custodial credit risk. The \$21,816,432 was fully collateralized by securities and an irrevocable letter of credit pledged by the financial institutions. The pledged securities are held by a third party, but not in the name of the District.

#### *Investments*

Investments include negotiable certificates of deposit with original maturities in excess of three months. Investments are carried at fair value (which for certificates of deposit is essentially cost) and are included in other assets on the statement of net position. As of June 30, 2018 and June 30, 2017, the District held \$5,446,807 and \$5,430,776, respectively, in negotiable certificates of deposits.

#### *Fair Value Measurements*

The District categorizes its fair value measurements of investments within the fair value hierarchy established by GAAP. The three levels of the fair value hierarchy are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical investments
- Level 2 – inputs (other than quoted prices included within Level 1) that are observable for the investment, either directly or indirectly.
- Level 3 – unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an investment.

The Fair value of investments measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The District has the following fair value measurements as of June 30, 2018 and 2017:

	Total	June 30, 2018		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Certificates of Deposit				
(Negotiable)	<u>\$ 5,446,807</u>	<u>\$ -</u>	<u>\$ 5,446,807</u>	<u>\$ -</u>

	June 30, 2017			
	Total	Fair Value Measurement		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Certificates of Deposit				
(Negotiable)	\$ 5,430,776	\$ -	\$ 5,430,776	\$ -

Debt securities classified in Level 2 of the fair value hierarchy are valued using inputs other than quoted prices that are directly observable. There have been no changes in the valuation techniques used during the years ended June 30, 2018 and 2017.

*Interest Rate Risk – Investments*

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the fair value of a debt security. Interest rate risk is addressed by the District’s investment policy by preferentially targeting investments with maturities of 180 days and limiting the percentage of investments with maturities over two years, over one year, and under sixty days.

At June 30, 2018, the District held the following investments subject to interest rate risk:

	June 30, 2018	
	Carrying Value	Weighted Average Maturity (Years)
Negotiable Certificates of Deposit	\$ 5,446,807	1.74

*Custodial Credit Risk – Investments*

At June 30, 2018, the District had no custodial credit risk for investments as all were held through a Securities Investor Protection Corporation (SIPC) member brokerage firm.

**4. Receivables**

*State Operating Grants Assistance*

During the years ended June 30, 2018 and 2017, the Illinois Department of Transportation (IDOT) reimbursed the District for up to sixty-five percent of the District’s eligible operating expenses. The amount of reimbursements is limited to the maximum amount specified in the grant agreements. The District is required to return to IDOT any unspent grant amounts. The final estimated grant amount for each fiscal year is subject to review and approval of the eligible expenses by IDOT.



As of June 30, 2018 and 2017, the estimated amounts (due to) and due from IDOT, respectively, are as follows:

	<u>2018</u>	<u>2017</u>
Fiscal Year 2018 Grant Agreement	\$ 5,041,202	\$ -
Fiscal Year 2017 Grant Agreement	2,578,294	3,544,961
Fiscal Year 2016 Grant Agreement	(340,718)	(340,718)
Fiscal Year 2015 Grant Agreement	(16,229)	(16,229)
Fiscal Year 2014 Grant Agreement	(26,530)	(26,530)
Fiscal Year 2013 Grant Agreement	(65,146)	(65,146)
Fiscal Year 2012 Grant Agreement	<u>(572,221)</u>	<u>(572,221)</u>
Net Amount Due from IDOT	<u>\$ 6,598,652</u>	<u>\$ 2,524,117</u>

#### *Other Receivables*

Other receivables consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Trade Receivables, Net	\$ 154,868	\$ 152,058
Federal and State Grants	-	677,334
Due from Other Governments	577,090	297,271
Employees	4,116	3,177
Replacement Tax	32,219	36,296
Interest Receivable	21,454	11,329
Miscellaneous	<u>59,684</u>	<u>67,678</u>
Total Other Receivables	<u>\$ 849,431</u>	<u>\$ 1,245,143</u>

The 2017 column has been restated to move \$104,002 from the Trade Receivables, Net line to the Due from Other Governments line to match the presentation of receivable accounts in the 2018 column.

#### **5. Inventories**

Inventories consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Materials and Supplies	\$ 1,171,778	\$ 1,129,217
Fuel and Lubricant	72,400	73,366
Total Inventories	<u>\$ 1,244,178</u>	<u>\$ 1,202,583</u>

## 6. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	June 30, 2017	Additions and Adjustments	Disposals and Adjustments	June 30, 2018
Not Being Depreciated:				
Land	\$ 2,151,790	\$ 145,446	\$ -	\$ 2,297,236
Land and Building Held for Sale	406,958	-	406,958	-
Construction in Progress	2,031,187	2,359,386	3,248,073	1,142,500
Being Depreciated:				
Land Improvements	43,028	-	-	43,028
Office, Garage, and Buildings	47,133,908	557,158	9,642	47,681,424
Leasehold Improvements	-	2,514,564	-	2,514,564
Revenue Vehicles	63,038,029	2,419,842	1,545,228	63,912,643
Service Vehicles	573,989	-	-	573,989
Passenger Shelters	2,373,916	502,613	-	2,876,529
Other Equipment	5,392,398	-	-	5,392,398
Total Cost	<u>123,145,203</u>	<u>8,499,009</u>	<u>5,209,901</u>	<u>126,434,311</u>
Less: Accumulated Depreciation	54,168,405	6,630,659	1,545,232	59,253,832
Property and Equipment, Net	<u>\$68,976,798</u>	<u>\$ 1,868,350</u>	<u>\$ 3,664,669</u>	<u>\$67,180,479</u>

Capital asset activity for the year ended June 30, 2017 was as follows:

	June 30, 2016	Additions and Adjustments	Disposals and Adjustments	June 30, 2017
Not Being Depreciated:				
Land	\$ 1,475,159	\$ 676,631	\$ -	\$ 2,151,790
Land and Building Held for Sale	-	406,958	-	406,958
Construction in Progress	8,494,877	3,906,953	10,370,643	2,031,187
Being Depreciated:				
Land Improvements	43,028	-	-	43,028
Office, Garage, and Buildings	36,565,343	10,568,565	-	47,133,908
Revenue Vehicles	48,765,120	18,294,455	4,021,546	63,038,029
Service Vehicles	355,558	228,325	9,894	573,989
Passenger Shelters	2,434,640	-	60,724	2,373,916
Other Equipment	5,240,124	160,148	7,874	5,392,398
Total Cost	<u>103,373,849</u>	<u>34,242,035</u>	<u>14,470,681</u>	<u>123,145,203</u>
Less: Accumulated Depreciation	52,464,138	5,804,305	4,100,038	54,168,405
Property and Equipment, Net	<u>\$50,909,711</u>	<u>\$28,437,730</u>	<u>\$10,370,643</u>	<u>\$68,976,798</u>

## **7. Accrued Compensated Absences Liability**

The total liability accrued by the District for unpaid compensated absences, included in accrued expenses on the statements of net position, was \$3,033,194 and \$2,731,118 at June 30, 2018 and 2017, respectively.

District employees earn various types of compensated absences. Operators and maintenance personnel receive vacation leave and earned time leave. Salaried employees receive vacation leave and sick leave. The District adopted a Retirement Health Savings Plan (RHSP). By its adoption, the District amended policies relating to hours of unused vacation, sick leave, and earned time.

Operators and Maintenance employees are eligible to be paid for up to one week of unused vacation each calendar year. Any unused vacation earned as of January 1 each year and not used or paid out as of December 31, will be deposited into the employee's personal RHSP account, and is recorded as a benefit expense by the District. Any salaried employee's unused vacation, earned as of January 1 each year, above a 12-week accumulation limit, not used by December 31, will be deposited in the employee's RHSP account. All employees are eligible for payout of their remaining unused vacation at separation from the District.

Any salaried employee's sick hours above 750 hours, earned as of June 30 of each year and not used by December 31 will be deposited into the employee's personal RHSP account and recorded as benefit expense by the District. Salaried employees who have five years or more of continuous service for the District are eligible to be paid for unused sick leave at separation from the District. The percentage paid at separation ranges from 10 percent after five years of service up to 50 percent after twenty years of service.

Any operator or maintenance earned time balances for a full-time employee cannot exceed 336 hours, and for a part-time employee, 168 hours. Earned time balances above these levels will be deposited in the employee's personal RHSP account and recorded as benefit expense by the District. Operators and maintenance employees are eligible for payout of all their remaining unused earned time at separation from the District.

## **8. Obligations under Incentive and Early Retirement Plans**

The District maintains an early retirement plan, whereby participating employees receive lump sum or periodic payments in exchange for their early retirement from full-time employment with the District. Eligibility requirements are that employees have at least ten years of service with the District; are eligible to receive pensions from IMRF; are at the top wage rate in their category at retirement; and are between the ages of sixty and sixty-five at retirement. For the years ended June 30, 2018 and 2017, the District has recorded an expense of \$243,789 and a recovery of \$86,217, respectively. The District had a liability of \$673,810 and \$551,268, respectively, related to this plan at June 30, 2018 and 2017. The liability amounts are not discounted as discounting the future payments at the District's operating borrowing rate results in an insignificantly different liability amount.

Projected future payments for the early retirement plan liability are as follows at June 30, 2018:

Fiscal Year	
2019	\$ 125,538
2020	198,906
2021	249,546
2022	86,075
2023	13,745
Total	<u><u>\$ 673,810</u></u>

## 9. Long-Term Obligations Summary

The following is a summary of changes in long-term obligations of the District for the years ended June 30, 2018 and 2017:

	June 30, 2017 As Restated	Issued	Retired	June 30, 2018	Due Within One Year
Incentive and Early Retirement Plans	\$ 551,268	\$ 299,320	\$ 176,778	\$ 673,810	\$ 125,538
Accrued Compensated Absences	2,731,118	302,076	-	3,033,194	3,033,194
Net Pension Liability	14,343,595	(5,850,123)	889,323	7,604,149	-
OPEB Liability	1,549,282	13,808	-	1,563,090	-
	<u>\$ 19,175,263</u>	<u>\$ (5,234,919)</u>	<u>\$ 1,066,101</u>	<u>\$ 12,874,243</u>	<u>\$ 3,158,732</u>
	June 30, 2016	Issued	Retired	June 30, 2017	Due Within One Year
Incentive and Early Retirement Plans	\$ 780,251	\$ 128,923	\$ 357,906	\$ 551,268	\$ 127,037
Accrued Compensated Absences	2,594,614	136,504	-	2,731,118	2,731,118
Net Pension Liability	18,243,478	1,077,114	4,976,997	14,343,595	-
	<u>\$ 21,618,343</u>	<u>\$ 1,342,541</u>	<u>\$ 5,334,903</u>	<u>\$ 17,625,981</u>	<u>\$ 2,858,155</u>

See Note 20 regarding the restatement made to the June 30, 2017 long-term obligations balance.

## 10. Notes Payable

The District has two lines of credit with a local bank. The first is a \$10,000,000 straight line of credit that bears interest at a fixed rate of 3.55 percent and interest is paid monthly. It is secured by the capital assets purchased with the line of credit and is due April 27, 2019. The

second line of credit is a \$6,000,000 revolving line of credit for operations that bears interest at a fixed rate of 4.50 percent and interest is paid monthly. This line of credit is secured by substantially all the assets of the District and is due April 27, 2019. As of June 30, 2018, there were outstanding balances of \$3,036,695 and \$50,000, respectively, on these two lines of credit.

The activity in the District’s short-term debt during the years ended June 30, 2018 and 2017 included:

	June 30, 2017	Issued	Retired	June 30, 2018
Lines of Credit	\$ 11,450,159	\$ 8,265,694	\$ 16,629,158	\$ 3,086,695
	June 30, 2016	Issued	Retired	June 30, 2017
Lines of Credit	\$ -	\$ 11,450,159	\$ -	\$ 11,450,159

## 11. Pension Plan

### *Plan Description*

The District’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. IMRF is an agent multiple-employer plan. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

### *Benefits Provided*

IMRF has three benefit plans. The vast majority of IMRF members, including the District, participate in the Regular Plan.

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.67 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of

service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.67 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3 percent of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms*

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	155
Inactive Plan Members Entitled to but not yet Receiving Benefits	130
Active Plan Members	333
Total	618

*Contributions*

As set by statute, the District’s Regular Plan Members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District’s annual contribution rate for calendar year 2017 was 13.1 percent. For the calendar year 2017, the District contributed \$889,323 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability*

The District’s net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50 percent.
- Salary Increases were expected to be 3.39 percent to 14.25 percent, including inflation.
- The Investment Rate of Return was assumed to be 7.50 percent.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the MP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percent and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
	100%	

There were changes to the inflation rate, salary increase rates, retirement age, and mortality table assumptions between the measurement dates.

### *Single Discount Rate*

A single discount rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.31 percent, and the resulting single discount rate is 7.50 percent.



*Changes in the Net Pension Liability*

For fiscal year ended June 30, 2018:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	<u>\$ 83,973,337</u>	<u>\$ 69,629,742</u>	<u>\$ 14,343,595</u>
Changes for the year:			
Service Cost	1,803,142	-	1,803,142
Interest on the Total Pension Liability	6,210,904	-	6,210,904
Changes on Benefit Terms	-	-	-
Differences between Expected and Actual			
Experience of the Total Pension Liability	526,348	-	526,348
Changes of Assumptions	(2,752,396)	-	(2,752,396)
Contributions - Employer	-	889,323	(889,323)
Contributions - Employees	-	824,278	(824,278)
Net Investment Income	-	12,414,921	(12,414,921)
Difference Between Projected and			
Actual Investment	-	-	-
Benefit Payments, Including Refunds of			
Employee Contributions	(4,125,702)	(4,125,702)	-
Other (Net Transfer)	-	(1,601,078)	1,601,078
Net Changes	<u>1,662,296</u>	<u>8,401,742</u>	<u>(6,739,446)</u>
Balances at December 31, 2017	<u><u>\$ 85,635,633</u></u>	<u><u>\$ 78,031,484</u></u>	<u><u>\$ 7,604,149</u></u>

For fiscal year ended June 30, 2017:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 81,111,505	\$ 62,868,027	\$ 18,243,478
Changes for the year:			
Service Cost	1,924,207	-	1,924,207
Interest on the Total Pension Liability	5,986,140	-	5,986,140
Changes on Benefit Terms	-	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	(971,731)	-	(971,731)
Changes of Assumptions	(415,902)	-	(415,902)
Contributions - Employer	-	4,976,997	(4,976,997)
Contributions - Employees	-	771,895	(771,895)
Net Investment Income	-	4,295,706	(4,295,706)
Difference Between Projected and Actual Investment	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,660,882)	(3,660,882)	-
Other (Net Transfer)	-	377,999	(377,999)
Net Changes	2,861,832	6,761,715	(3,899,883)
Balances at December 31, 2016	\$ 83,973,337	\$ 69,629,742	\$ 14,343,595

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50 percent for 2017 and 2016, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1 percent lower or 1 percent higher:

	1% Lower 6.50%	December 31, 2017 Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 18,558,394	\$ 7,604,149	\$ (1,455,124)
		December 31, 2016	
	1% Lower 6.50%	Current Discount 7.50%	1% Higher 8.50%
Net Pension Liability	\$ 25,559,735	\$ 14,343,595	\$ 5,104,535

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2018, the District recognized pension expense of \$3,613,230. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between Expected and Actual Experience	\$ 2,165,695	\$ 1,043,444
Changes of Assumptions	938,122	2,546,994
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>3,656,842</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	3,103,817	7,247,280
 Pension Contributions made subsequent to the Measurement Date	 <u>305,579</u>	 <u>-</u>
 Total Deferred Amounts Related to Pensions	 <u><u>\$ 3,409,396</u></u>	 <u><u>\$ 7,247,280</u></u>

The \$305,579 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (105,882)
2019	(275,883)
2020	(1,410,948)
2021	(2,065,662)
2022	(285,088)
Total	<u><u>\$ (4,143,463)</u></u>

*Payables to the Pension Plan*

At June 30, 2018, the District had \$15,781 reported as accrued expenses payable to IMRF for legally required employer contributions or legally required employee contributions.

**12. Post-Employment Benefits Other Than Pension (OPEB)**

*Retiree Medical Plan Description*

The District sponsors a single-employer health benefit plan for employees and retired former employees. Retired former employees participating in the plan pay the full cost of their premiums, however, under actuarial standards the District subsidizes the retiree premium through an implied age-related cost differential based upon the expected higher cost of coverage of retired employees versus the average cost for the entire blended group. Assets are not accumulated in a trust to fund this plan.

*Life Insurance Policy Plan Description*

The District sponsors a single-employer life insurance plan that provides retirees a \$10,000 life insurance policy for which the District pays premiums for five years after the employee retires or until the policy is paid in full, whichever comes first. Assets are not accumulated in a trust to fund this plan.

*Plan Membership*

All eligible employees of the District that were active employees prior to retirement are eligible to participate in the plans. Survivors of a benefit recipient eligible for coverage are also eligible for coverage under the health plan.

*Benefits Provided*

Retirees and their dependents may continue coverage under the District's group health insurance program and the District provides retirees a \$10,000 life insurance policy, as described above. The District's Board retains the authority to establish or amend the benefit terms and payment requirements of the District and participants.

*Employees Covered by Benefit Terms*

As of June 30, 2018, the following employees were covered by the combined benefit terms:

Inactive Employees currently receiving benefit payments	-
Inactive Employees entitled to but not receiving benefit payments	-
Active Employees	247
Retired Employees	34
Total Participants covered by OPEB Plan	<u>281</u>

*Contribution Requirements*

Retirees pay their full premium for the health insurance program, which is the same premium paid by active employees. This results in the District providing an implied subsidy of the retirees normal age adjusted premium. The District fully funds the premiums for the life insurance policy for five years or until the policy is fully funded, whichever is sooner.

*Total OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined based on the June 30, 2018 actuarial valuation. The District's total OPEB liability was \$1,563,090 as of June 30, 2018.

*Actuarial Assumptions and Other Inputs*

Discount Rate	3.87%
Salary increases	3.5%
Monthly Health Plan Premium Costs (Blended)	

<u>Coverage</u>	<u>LCDHP</u>	<u>HMO/OAP</u>	<u>LCHP</u>
Employee Only	\$ 831	\$ 980	\$ 1,039
Employee +1	1,596	1,882	1,995
Employee +2 or More	2,061	2,430	2,577

<u>Health Care Cost Inflation Rates</u>	<u>Period</u>	<u>Inflation Rate</u>
	2018	7.5%
	2019	7.0%
	2020	6.5%
	2021	6.0%
	2022	5.5%
	2023	5.0%
	2024 and after	4.5%

Probabilities of death for participants were according to the RP2014 Base rates with mortality improvements according to MP2017 to 2018.

The Discount Rate was based the 20-year muni index rate as of June 30, 2018. Discount rate as of July 1, 2017 was 3.58 percent.

*Changes in the Total OPEB Liability*

For fiscal year ended June 30, 2018:

	Total OPEB Liability
Balances at July 1, 2017	<u>\$ 1,549,282</u>
Changes for the year:	
Service Cost	96,795
Interest on the Total OPEB Liability	56,915
Changes on Benefit Terms	-
Differences between Expected and Actual Experience of the Total OPEB Liability	-
Changes of Assumptions	(27,379)
Contributions - Employer	-
Contributions - Employees	-
Net Investment Income	-
Difference Between Projected and Actual Investment	-
Benefit Payments, Including Refunds of Employee Contributions	(112,523)
Other (Net Transfer)	-
Net Changes	<u>13,808</u>
Balances at June 30, 2018	<u><u>\$ 1,563,090</u></u>

*Sensitivity of Total OPEB Liability to Changes in the Discount Rate*

The June 30, 2018 valuation was prepared using a discount rate of 3.87 percent. If the discount rates were one percent lower (2.87 percent) or one percent higher (4.87 percent) than the current discount rate the Total OPEB Liability would be as follows:

	1% Lower 2.87%	June 30, 2018 <u>Current Discount</u> 3.87%	1% Higher 4.87%
Total OPEB Liability	<u>\$ 1,659,271</u>	<u>\$ 1,563,090</u>	<u>\$ 1,472,152</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The June 30, 2018 valuation was prepared using an initial trend rate of eight percent decreasing to four percent. If the trend rates were 1-percentage-point lower (7 percent decreasing to 3 percent) or 1-percentage-point higher (9 percent decreasing to 5 percent) than the current trend rates the Total OPEB Liability would be as follows:

	1% Lower 7.0% Decreasing 3.00%	June 30, 2018 <u>Current Trend Rates</u> 8.0% Decreasing to 4.0%	1% Higher 9.0% Decreasing to 5%
Total OPEB Liability	\$ 1,435,268	\$ 1,563,090	\$ 1,711,539

*OPEB Expense*

For the year ended June 30, 2018, the District recognized an OPEB expense as follows:

Service Cost	\$ 96,795
Interest on the Total OPEB Liability	56,915
Recognition of Outflow (Inflow) of Resources due to Liabilities	(2,231)
Total OPEB Expense	<u>\$ 151,479</u>

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	(25,148)
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	<u>\$ -</u>	<u>\$ (25,148)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year Ending June 30	Net Deferred Inflows of Resources
2019	\$ (2,231)
2020	(2,231)
2021	(2,231)
2022	(2,231)
2023	(2,231)
Thereafter	(13,993)
Total	<u>\$ (25,148)</u>

### 13. Unrestricted Net Position

Unrestricted net position consist of the following at June 30, 2018 and 2017:

	2018	2017
Board Designated for Capital Reserves	<u>\$22,679,372</u>	<u>\$17,597,623</u>
Undesignated	(2,570,165)	9,278,731
Total Unrestricted Net Position	<u>\$20,109,207</u>	<u>\$26,876,354</u>

### 14. Lease Revenue

The District is the lessor of office, retail, residential, and tower space under operating leases expiring in various years through July 31, 2025. All of these leases are within non-transportation related sections of facilities that are used for both transportation and non-transportation purposes. The cost and carrying value of these facilities (including the transportation and non-transportation sections) was \$49,062,341 and \$31,034,980, respectively, at June 30, 2018.

Future minimum lease receipts under these operating leases are as follows at June 30, 2018:

Fiscal Year	
2019	\$ 390,309
2020	167,764
2021	45,657
2022	41,016
2023	41,016
Thereafter	85,450
Total	<u>\$ 771,212</u>



Minimum future rentals do not include percentage-of-sales contingent rentals contained in the retail space leases. Only the minimum required rental is included above for these retail space leases.

## 15. Risk Management

The District is a member of the Illinois Public Transit Risk Management Association (IPTRMA), an insurance risk pool. Through IPTRMA, the District has pooled its risk for public liability/property damage and vehicle liability claims with other local transit districts in Illinois. The District's capital contribution to the IPTRMA loss reserve fund is considered to be a prepayment of future claims in excess of insured amounts and is amortized over the period for which the capital contribution relates. Losses and claims recognized for the years ended June 30, 2018 and 2017 totaled \$458,829 and \$424,371, respectively, including the amortization of the District's capital contribution to IPTRMA. There have been no settlement amounts that have exceeded insurance and IPTRMA loss reserve fund coverage in the past three years.

The District is self-insured for worker's compensation and employer's liability claims. Losses and claims are accrued as incurred. At June 30, 2018 and 2017, the District had a claims liability balance of \$124,678 and \$166,357, respectively, for expected additional claims payable. Losses and claims recognized for the years ended June 30, 2018 and 2017 total \$300,512 and \$317,015, respectively. The District purchases insurance coverage for worker's compensation to cover claims in excess of \$500,000 with a statutory aggregate limit for work's compensation and a \$2,000,000 aggregate limit for employer's liability.

The following is a summary of changes in self-insurance claims liability for the years ended June 30, 2018 and 2017:

	<u>June 30,</u> <u>2017</u>	<u>Provision</u>	<u>Payment</u>	<u>June 30,</u> <u>2018</u>
Self-Insurance				
Claims Liability	<u>\$ 166,357</u>	<u>\$ 300,512</u>	<u>\$ 342,191</u>	<u>\$ 124,678</u>
	<u>June 30,</u> <u>2016</u>	<u>Provision</u>	<u>Payment</u>	<u>June 30,</u> <u>2017</u>
Self-Insurance				
Claims Liability	<u>\$ 197,483</u>	<u>\$ 317,015</u>	<u>\$ 348,141</u>	<u>\$ 166,357</u>

## 16. Lease Commitments

The District leases real property, furniture, equipment, and vehicles under various non-cancelable operating leases, expiring at various times between August 2018 and March 2031. Future minimum lease payments under these operating leases are as follows at June 30, 2018:

Fiscal Year	
2019	\$ 213,587
2020	162,002
2021	142,823
2022	120,920
2023	102,000
Thereafter	790,500
Total	<u>\$ 1,531,832</u>

Total rental expense for operating leases for the years ended June 30, 2018 and 2017 was \$304,866 and \$396,568, respectively.

## 17. Concentration of Revenue

Yearly passes revenue for the years ended June 30, 2018 and 2017 includes contracts with the University of Illinois for (a) faculty/staff bus service and (b) student bus services and campus circular program. The revenue recognized related to these contracts for the years ended June 30, 2018 and 2017 was \$6,082,954 and \$5,979,998, respectively, which was 13.29 percent and 10.4 percent, respectively, of the District's revenue. At June 30, 2018 and 2017, amounts due from the University of Illinois included in accounts receivable were \$109,099 and \$193,269, respectively.

The revenue recognized related to operating and capital grants from IDOT for the years ended June 30, 2018 and 2017 was \$26,717,600 and \$30,784,442, respectively, which was 58.4 percent and 53.5 percent, respectively, of the District's revenue. At June 30, 2018 and 2017, amounts due from IDOT were \$6,999,876 and \$2,628,119, respectively.

The revenue recognized related to operating and capital grants from the U.S. Department of Transportation for the year ended June 30, 2017 was \$9,582,253, which was 16.7 percent of the District's revenue. At June 30, 2017, the amount due from the U.S. Department of Transportation was \$677,334. No such concentrations for the year end June 30, 2018 were noted.

## 18. Commitments

Through the date of the independent auditor's report, the District has entered into the following significant contractual commitments:

<u>Purpose</u>	<u>Contract Amount</u>	<u>Incurred Through June 30, 2018</u>	<u>Remaining Commitment</u>
MCORE Project	\$ 3,911,191	\$ 1,532,387	\$ 2,378,804
Hydrogen Fuel Cell Project	11,200,000	17,440	11,182,560
Revenue Vehicles	3,063,993	-	3,063,993
Total	<u>\$ 18,175,184</u>	<u>\$ 1,549,827</u>	<u>\$ 16,625,357</u>

## 19. Contingent Liabilities

### *Litigation*

The District is involved in several worker-compensation claims with current and former employees. As of June 30, 2018 and 2017, the District has recorded a liability of \$124,678 and \$166,357, respectively, for anticipated additional claims expense as stated in Note 15. An estimate of any additional potential loss cannot be made. The District is involved with several other liabilities claims for which any final settlement is expected to be covered by insurance.

### *Federal and State Grants*

The District participates in a number of state and federally assisted programs. Under the terms of the programs, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures under the terms of these programs. Such audits could lead to reimbursements to grantor agencies. Based on prior experience, the District believes examinations would not result in any material disallowed costs for grant revenue recorded in these financial statements or from prior years.

The District manages transportation services provided by C-CARTS on behalf of Champaign County (the County) through an intergovernmental agreement. When C-CARTS earns local funding revenue in excess of that needed to cover the 35 percent local match required under the County's State Operating Assistance grant, the excess funds are rolled into a Public Transportation Account (PTA) for future use when there are funding shortfalls. A portion of the PTA fund balance is being held on account with the District. If the agreement with the County should terminate, the District would owe the County a portion of the unused PTA fund balance. At June 30, 2018, the balance of PTA funds held by the District was \$64,891.

## **20. Cumulative Effect of Adoption of GASB Statement 75 for OPEB**

The statement of revenues, expenses, and changes in net position for the year ended June 30, 2018, includes a cumulative adjustment to account for the implementation of GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The effect of adopting the standard decreased the net position as of June 30, 2017 by \$1,549,282 and decreased the change in net position for the year ended June 30, 2018 by \$38,956, but had no impact on the change in net position for the year ended June 30, 2017. The \$1,549,282 adjustment equals the OPEB liability at June 30, 2017 and includes no deferred outflows of resources or deferred inflow of resources. The net position as of June 30, 2016 has not been restated as OPEB liability information is not available for that date.

**REQUIRED SUPPLEMENTARY INFORMATION**

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Changes in the Net Pension Liability and  
Related Ratios Illinois Municipal Retirement Fund  
Last Ten Calendar Years  
Required Supplementary Information  
(Unaudited)

	2017	2016	2015	2014
Total Pension liability				
Service Cost	\$ 1,803,142	\$ 1,924,207	\$ 1,766,692	\$ 1,891,042
Interest on Total Pension Liability	6,210,904	5,986,140	5,432,618	5,035,213
Changes in Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	526,348	(971,731)	3,506,838	(1,219,049)
Changes of Assumptions	(2,752,396)	(415,902)	204,603	2,539,109
Benefit Payments, Including Refunds of Employee Contributions	(4,125,702)	(3,660,882)	(3,088,953)	(2,473,784)
Net Change in Total Pension Liability	1,662,296	2,861,832	7,821,798	5,772,531
Total Pension Liability - Beginning	83,973,337	81,111,505	73,289,707	67,517,176
Total Pension Liability - Ending (A)	<u>\$ 85,635,633</u>	<u>\$ 83,973,337</u>	<u>\$ 81,111,505</u>	<u>\$ 73,289,707</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 889,323	\$ 4,976,997	\$ 2,650,658	\$ 2,276,611
Contributions - Employees	824,278	771,895	789,705	731,426
Net Investment Income	12,414,921	4,295,706	4,681,834	3,576,698
Benefit Payments, Including Refunds of Employee Contributions	(4,125,702)	(3,660,882)	(7,458,442)	(2,473,784)
Other (Net Transfer)	(1,601,078)	377,999	(88,943)	(184,996)
Net Change in Plan Fiduciary Net Position	8,401,742	6,761,715	574,812	3,925,955
Plan Fiduciary Net Position, Beginning	69,629,742	62,868,027	62,293,215	58,367,260
Plan Fiduciary Net Position, Ending (B)	<u>\$ 78,031,484</u>	<u>\$ 69,629,742</u>	<u>\$ 62,868,027</u>	<u>\$ 62,293,215</u>
Net Pension Liability, Ending (A) - (B)	<u>\$ 7,604,149</u>	<u>\$ 14,343,595</u>	<u>\$ 18,243,478</u>	<u>\$ 10,996,492</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.12%	82.92%	77.51%	85.00%
Covered Payroll	\$ 17,415,622	\$ 17,153,222	\$ 17,549,000	\$ 16,253,911
Net Pension Liability as a Percentage of Covered Payroll	43.66%	83.62%	103.96%	69.30%

NOTE: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
Last Ten Calendar Years

Required Supplementary Information  
(Unaudited)

<b>(1) Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a Percentage of Covered Payroll</b>
2017	\$ 2,241,391	\$ 889,323	\$ 1,352,068	\$ 17,415,622	5.11%
2016	2,207,620	4,976,997	(2,769,377)	17,153,222	29.01%
2015	2,302,597	2,650,658	(348,061)	17,549,000	15.10%
2014	1,996,889	2,276,611	(279,722)	16,253,911	14.01%

**Notes:**

(1) GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Notes to Required Supplementary Information - Schedule of Employer Contributions - IMRF  
(Unaudited)  
June 30, 2018

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate\***

Valuation Date:

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRFF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

\* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation.



CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Other Post-Employment Benefits  
Last Ten Fiscal Years  
Required Supplementary Information  
(Unaudited)

	2018
Total OPEB liability	
Service Cost	\$ 96,795
Interest on Total OPEB Liability	56,915
Changes in Benefit Terms	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	-
Changes of Assumptions	(27,379)
Benefit Payments	(112,523)
Net Change in Total OPEB Liability	13,808
Total OPEB Liability - Beginning	1,549,282
Total OPEB Liability - Ending	\$ 1,563,090
 Covered Employee Payroll	 \$ 14,695,096
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 10.64%

NOTE: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Assumptions Used to Determine Total OPEB Liability:

Valuation Date:

June 30, 2018

Measurement Date:

June 30, 2018

Actuarial Cost Method:

Entry age normal

Interest Rate Used to Discount the Liability:

3.87%

Healthcare Inflation Rates:

7.50% in Fiscal Year 2018 decreasing to 4.50% by Fiscal Year 2024 and thereafter

Participation Assumption for the Healthcare Benefit:

40%

Mortality:

Probabilities of death for participants were according to the RP2014 base rate with mortality improvements according to MP2017 to 2018

Accumulation of Assets to Fund the Benefits:

No assets are accumulated in a trust to pay benefits related to the OPEB plans.

**SUPPLEMENTARY INFORMATION**

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2018 and 2017

	2018	2017
<b>Operations</b>		
Wages:		
Operators	\$ 8,792,529	\$ 8,564,687
Street Supervisors and Dispatchers	1,102,259	1,005,012
Other Supervisors	671,903	694,307
Clerical	260,960	271,133
Labor Credit	(42,525)	(39,514)
Total Wages	10,785,126	10,495,625
Fringe Benefits:		
Paid Absences	2,413,430	2,328,480
Health and Dental Insurance	2,744,549	2,702,901
Illinois Municipal Retirement Fund	2,644,324	2,784,596
Social Security Tax	949,900	930,314
Workers' Compensation Insurance and Claims	96,199	114,907
Uniform Allowances	30,481	26,214
Unemployment Insurance	31,982	32,445
Early Retirement Plan	139,396	(35,647)
Other Fringe Benefits	67,328	41,853
Total Fringe Benefits	9,117,589	8,926,063
Services:		
ADA	615,091	589,762
Taxi	155,141	160,796
Printing	62,901	49,563
Other Services	32,278	20,597
Total Services	865,411	820,718
Materials and Supplies Consumed:		
Fuel and Lubrications	1,573,492	1,395,933
Tires and Tubes	143,029	140,996
Small Equipment	3,804	41,571
Other Materials and Supplies Consumed	16,762	45,331
Total Materials and Supplies Consumed	1,737,087	1,623,831
Miscellaneous:		
Leased Equipment	126,170	144,173
Other	36,802	31,405
Total Miscellaneous	162,972	175,578
<b>Total Operations</b>	<b>\$ 22,668,185</b>	<b>\$ 22,041,815</b>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Maintenance</b>		
Wages:		
Mechanics	\$ 1,134,901	\$ 1,093,683
Cleaners	622,292	546,244
Supervisors and Clerical	541,073	509,199
Total Wages	<u>2,298,266</u>	<u>2,149,126</u>
Fringe Benefits:		
Health and Dental Insurance	623,852	586,429
Paid Absences	494,780	413,764
Illinois Municipal Retirement Fund	589,920	531,260
Social Security Tax	212,643	202,069
Workers' Compensation Insurance and Claims	154,195	120,774
Uniform and Tools Allowance	21,313	22,091
Unemployment Insurance	6,711	6,915
Early Retirement Plan	94,565	(108,188)
Other Fringe Benefits	26,066	15,989
Total Fringe Benefits	<u>2,224,045</u>	<u>1,791,103</u>
Services:		
Contract Maintenance	102,966	81,410
Other Services	1,466	27,294
Total Services	<u>104,432</u>	<u>108,704</u>
Materials and Supplies Consumed:		
Revenue Vehicles Repairs	1,831,767	1,453,234
Buildings and Grounds Repairs	175,287	122,299
Service Supplies	58,837	46,958
Fuel and Lubricants	101,455	94,642
Service Vehicles Repairs	16,903	18,252
Shop Tools	27,732	23,064
Passenger Shelter Repairs	47,621	77,609
Garage Equipment Repairs	44,706	32,796
Other Materials and Supplies Consumed	19,068	14,452
Total Materials and Supplies Consumed	<u>2,323,376</u>	<u>1,883,306</u>
Miscellaneous:		
Leased Equipment	34,807	26,397
Other	34,150	11,985
Total Miscellaneous	<u>68,957</u>	<u>38,382</u>
<b>Total Maintenance</b>	<u>\$ 7,019,076</u>	<u>\$ 5,970,621</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>General Administration</b>		
Wages:		
Supervisors	\$ 1,250,404	\$ 1,036,258
Clerical	156,624	232,530
Total Wages	<u>1,407,028</u>	<u>1,268,788</u>
 Fringe Benefits:		
Paid Absences	917	357
Health and Dental Insurance	270,354	257,832
Illinois Municipal Retirement Fund	262,768	211,354
Social Security Tax	89,956	80,630
Unemployment Insurance	1,992	2,344
Workers' Compensation Insurance and Claims	4,163	4,329
Early Retirement Plan	9,828	-
Other Fringe Benefits	46,585	24,811
Total Fringe Benefits	<u>686,563</u>	<u>581,657</u>
 Services:		
Professional and Technical	675,453	533,799
Temporary Help	129,893	-
Contract Maintenance	482,549	435,198
Printing	3,545	1,240
Other Services	55,444	19,348
Total Services	<u>1,346,884</u>	<u>989,585</u>
 Materials and Supplies Consumed:		
Small Equipment	9,941	7,825
Office Supplies	33,623	7,836
Total Materials and Supplies Consumed	<u>43,564</u>	<u>15,661</u>
 Casualty and Liability Costs:		
Uninsured Public Liability	481,619	451,669
Public Liability and Property Damage Insurance	416,777	383,885
Physical Damage Insurance	49,804	47,596
Insurance and Property Damage Recoveries	(65,766)	(47,780)
Other Insurance	29,538	27,298
Total Casualty and Liability Costs	<u>911,972</u>	<u>862,668</u>



CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Illinois Terminal Continued</b>		
Materials and Supplies Consumed:		
Buildings and Grounds Repairs	125,629	170,037
Services Supplies	20,519	20,064
Shop Tools	16,966	16,075
Other Materials and Supplies Consumed	3,734	3,385
Total Materials and Supplies Consumed	<u>166,848</u>	<u>209,561</u>
Miscellaneous:		
Utilities	114,065	116,209
Other	33,280	30,890
Total Miscellaneous	<u>147,345</u>	<u>147,099</u>
<b>Total Illinois Terminal</b>	<u>\$ 1,193,026</u>	<u>\$ 1,395,218</u>
<b>C-CARTS</b>		
Wages:		
Supervisors	\$ 36,545	\$ 33,473
Operators	286,527	280,124
Training	7,488	8,721
Clerical	15,710	7,550
Total Wages	<u>346,270</u>	<u>329,868</u>
Fringe Benefits:		
Health and Dental Insurance	25,084	33,881
Illinois Municipal Retirement Fund	39,458	38,352
Social Security Tax	24,996	25,507
Uniform and Tool Allowances	254	1,292
Other Fringe Benefits	543	664
Paid Absences	10,244	18,790
Workers' Compensation Insurance and Claims	2,697	1,364
Unemployment Allowance	2,558	2,633
Total Fringe Benefits	<u>105,834</u>	<u>122,483</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>C-CARTS Continued</b>		
Services:		
Professional Services	8,512	11,079
Contractual Maintenance	3,515	3,675
Printing	863	1,385
Other Services	46	-
Total Services	<u>12,936</u>	<u>16,139</u>
Materials and Supplies Consumed:		
Buildings and Grounds Repairs	-	-
Office Supplies	529	1,100
Fuel and Lubricants	102,511	72,378
Repairs and Maintenance	61,107	45,413
Tires and Tubes	14,739	6,662
Small Tools and Equipment	3,572	420
Total Materials and Supplies Consumed	<u>182,458</u>	<u>125,973</u>
Miscellaneous:		
Utilities	-	332
Leased Equipment	34,033	35,112
Bad Debt	-	-
Other	1,360	2,094
Total Miscellaneous	<u>35,393</u>	<u>37,538</u>
Casualty and Liability Costs:		
Uninsured Public Liability	2,665	-
Public Liability and Property Damage Insurance	-	-
Insurance and Property Damage Recoveries	-	(2,711)
Total Casualty and Liability Costs	<u>2,665</u>	<u>(2,711)</u>
<b>Total C-CARTS</b>	<u>\$ 685,556</u>	<u>\$ 629,290</u>
<b>Depreciation</b>		
Revenue Vehicles, Fareboxes, and Radios	\$ 4,551,888	\$ 3,600,042
Office and Garage Facilities	1,662,503	1,648,070
Office and Garage Equipment	93,988	115,853
Service Vehicles	47,890	41,253
Other Equipment	274,390	399,087
Total Depreciation	<u>\$ 6,630,659</u>	<u>\$ 5,804,305</u>



CHAMPAIGN-URBANA MASS TRANSIT  
DISTRICT Schedule of Revenues and Expenses  
Under Downstate Operating Assistance Grant  
OP-18-01-IL For The Year Ended June 30, 2018

Operating Revenues:	
401 Passenger Fares for Transit Services	\$ 1,492,279
402 Special Transit Fares	6,331,762
403 School Bus Service	-
406 Auxiliary Revenue	333,396
407 Non-Transportation Revenue	882,032
411 State Grants and Reimbursements other than DOAP	-
413 Federal Grants and Reimbursements	-
	<hr/>
Total Operating Revenues	<u>\$ 9,039,469</u>
Operating Expenses:	
501 Labor	\$ 14,915,995
502 Fringe Benefits	12,440,094
503 Professional Services	1,587,856
504 Materials and Supplies Consumed	4,317,210
505 Utilities	462,375
506 Casualty and Liability	911,972
507 Taxes	70,688
508 Purchased Transportation	770,232
509 Miscellaneous Expense	459,206
511 Interest Expense	160,541
512 Leases, Rentals, and Purchase-Lease Payments	301,961
517 Debt Service on Equipment/Facilities	4,232,537
	<hr/>
Total Operating Expenses	<u>40,630,667</u>
Less: Ineligible Operating Expenses:	
Expenses Related to the Non-Transportation Areas of Illinois Terminal	(52,806)
Other Miscellaneous Expenses of 1101 East University	(21,436)
Professional Services Not Related to Transportation Services	(33,374)
APTA and IPTA Dues	(5,203)
	<hr/>
Total Ineligible Operating Expenses	<u>(112,819)</u>
Total Eligible Operating Expenses	<u>\$ 40,517,848</u>
Total Eligible Operating Expenses	\$ 40,517,848
Total Operating Revenues	9,039,469
Deficit	<u>\$ 31,478,379</u>
Sixty-Five Percent of Eligible Operating Expenses	<u>\$ 26,336,601</u>
Maximum Contract Amount	<u>\$ 27,282,000</u>
Eligible Downstate Operating Assistance (Deficit or Sixty-Five Percent of Eligible Expense or Maximum Contract Amount, Whichever is Less)	\$ 26,336,601
Less - Fiscal Year 2018 Downstate Operating Assistance Received Through June 30, 2018	21,295,399
Less - Fiscal Year 2018 Downstate Operating Assistance Received Subsequent to June 30, 2018	<u>5,527,854</u>
Fiscal Year 2018 Downstate Operating Assistance (Over) Under Paid	<u>\$ (486,652)</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Prior Audit Findings –  
Downstate Operating Assistance Grant OP-18-01-IL  
For the Year Ended June 30, 2018

No findings noted in the prior year.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Auditor Assurances Applicable to  
Downstate Operating Assistance Grant OP-18-01-IL  
For the Year Ended June 30, 2018

1. The financial statements of the Champaign-Urbana Mass Transit District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America as adopted by the Governmental Accounting Standards Board.
2. The District complied with the Regulations for Operating Assistance to Downstate Areas.
3. The District's system of internal accounting controls and procedures was adequate relating to funds received and costs charged to the grant.
4. State funds were expended in accordance with the grant contract.
5. Financial reports and claims for advances were accurate and complete with no exceptions.

Champaign County  
Section 5311 Annual Financial Report  
Operating Period July 1, 2017 to June 30, 2018  
(Prepared by Champaign-Urbana Mass Transit District)  
Contract Number DPT # 4791

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$60,689
402	Special Transit Fares	\$55,022
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
411	State Cash Grants	\$325,997
430	Contributed Services	
440	Subsidy From Other Sources	\$34,975
	Total Revenue	\$476,683
	Less: Non- 5311 Operating Revenues	(\$360,972)
	Section 5311 Operating Revenue	\$115,711

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$52,255	\$294,016	\$346,271
502	Fringe Benefits	\$996	\$104,839	\$105,835
503	Services	\$8,512	\$4,423	\$12,935
504.01	Fuel and Oil		\$102,511	\$102,511
504.02	Tires and Tubes		\$14,739	\$14,739
504.99	Other Materials		\$65,209	\$65,209
505	Utilities			\$0
506	Casualty and Liability		\$2,665	\$2,665
507	Taxes			\$0
508	Purchased Transportation			\$0
509	Miscellaneous	\$226	\$1,132	\$1,358
511	Interest Expense			\$0
512	Lease and Rentals		\$34,033	\$34,033
	Other:			
	Total Expenses	\$61,989	\$623,567	\$685,556

Champaign County  
Section 5311 Annual Financial Report  
Operating Period July 1, 2017 to June 30, 2018  
(Prepared by Champaign-Urbana Mass Transit District)  
Contract Number DPT # 4791

	Administrative Expenses	Operating Expenses	Total	
1) Expenses: Per Single Audit	\$61,989	\$623,567	\$685,556	
2) Less: Ineligible Expenses per Single Audit				
3) Net Eligible Expenses ((1)-(2))	\$61,990	\$623,567	\$685,556	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$115,711	\$115,711	
5) Section 5311 Operating Deficit ((3)-(4))		\$507,856		
6) Section 5311 Deficit ((3)-(4))			\$569,845	
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant
				Total
A) Eligible Reimbursement Per Percentages	\$49,591	\$253,928		\$303,519
B) Funding Limits per Contract				\$153,871
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$153,871	\$153,871
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee				\$153,871
E) Amount (Over) Under Paid ((C)-(D))				\$0.00
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$415,974	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$ 380,999
Local Contracts	\$34,975
In-Kind Services, Subsidies, Donations	\$0
TOTAL LOCAL MATCH (Must equal (F))	\$ 415,974
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	\$44,864
FY Local Transit (Local Contracts) Amounts Received	\$110,024
Less expended for Capital \$ 0 Operating \$89,996.96	\$89,997
ENDING CARRY FORWARD (C.F.A.) BALANCE	\$64,891

I certify that the revenues and costs claimed for reimbursement are adequately supported and the approved cost allocation plan (if applicable) has been followed as provided in the project budget.

Prepared By: Jolene Gensler

Title: Comptroller

Reviewed By/PCOM: \_\_\_\_\_

Date: \_\_\_\_\_

CPA Approval: See Independent Auditors' Report

Date: See Independent Auditors' Report

Champaign County  
 Schedule of Revenues and Expenses  
 Under Downstate Operating Assistance Grant OP-18-26-IL  
 (Prepared by Champaign-Urbana Mass Transit District)  
 For the Year Ended June 30, 2018

## Operating Revenues:

401	Passenger Fares for Transit Services	\$ 60,689
402	Special Transit Fares	55,022
413	Federal Cash Grants & Reimbursement	153,871
413 .99	Sec. 5307 capital funds applied to state eligible op. expenses	-
.99	Job Access Reverse Commute & New Freedom	-
430	Contributed Services	-
440	Subsidy from Other Sectors of Operations	<u>34,975</u>
	Total Operating Revenues	<u><u>\$ 304,557</u></u>

## Operating Expenses

501	Labor	\$ 346,271
502	Fringe Benefits	105,835
503	Professional Services	12,935
504	Materials & Supplies Consumed	182,459
505	Utilities	-
506	Casualty & Liability	2,665
507	Taxes	-
508	Purchased Transportation	-
509	Miscellaneous Expense	1,358
511	Interest Expense	-
512	Leases, Rentals, and Purchase-Lease Payments	<u>34,033</u>
	Total Operating Expenses	685,556

## Ineligible Operating Expenses:

Other: \_\_\_\_\_

Less Total Ineligible Operating Expenses -

Total Eligible Operating Expenses \$ 685,556

Champaign County  
Schedule of Revenues and Expenses  
Under Downstate Operating Assistance Grant OP-18-26-IL  
(Prepared by Champaign-Urbana Mass Transit District)  
For the Year Ended June 30, 2018

Total Eligible Operating Expenses	\$	685,556
Total Operating Revenues		304,557
Deficit	\$	<u>380,999</u>
Sixty-Five Percent of Eligible Operating Expenses	\$	<u>445,611</u>
Maximum Contract Amount	\$	<u>566,385</u>
Eligible Downstate Operating Assistance (Deficit or Sixty-Five Percent of Eligible Expense or Maximum Contract Amount, Whichever is Less)	\$	380,999
Fiscal Year 2018 Downstate Operating Assistance Received Through June 30, 2018		72,267
Fiscal Year 2018 Downstate Operating Assistance Received Subsequent to June 30, 2018		<u>187,878</u>
Fiscal Year 2017 Downstate Operating Assistance (Over) Under Paid	\$	<u>120,854</u>

Prepared By: <u>Jolene Gensler</u>	Title: <u>Comptroller, CUMTD</u>
Reviewed by PCOM: _____	Date: _____
Reviewed by Grantee: _____ Authorized Representative	Date: _____
CPA Approval: <u>See Independent Auditor's Report</u>	Date: <u>See Independent Auditor's Report</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Prior Audit Findings –  
Downstate Operating Assistance Grant OP-18-26-IL  
For the Year Ended June 30, 2018

No findings noted in the prior year.



CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Auditor Assurances Applicable to  
Downstate Operating Assistance Grant OP-18-26-IL  
For the Year Ended June 30, 2018

1. The financial statements of the Champaign-Urbana Mass Transit District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America as adopted by the Governmental Accounting Standards Board.
2. The District complied with the Regulations for Operating Assistance to Downstate Areas.
3. The District's system of internal accounting controls and procedures was adequate relating to funds received and costs charged to the grant.
4. State funds were expended in accordance with the grant contract.
5. Financial reports and claims for advances were accurate and complete with no exceptions.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Awards Expended	Total Provided to Subrecipients
<b>U.S. Department of Transportation -</b>				
<i>Direct Awards:</i>				
Federal Transit Formula Grants	20.507 *	IL-90-X719	\$ 36,714	\$ 36,714
Federal Transit Formula Grants	20.507 *	IL-90-X723	5,571	-
Federal Transit Formula Grants	20.507 *	IL-90-X737	125,125	-
Federal Transit Formula Grants	20.507 *	IL-2017-019-00	520,704	-
Total Federal Transit Cluster			688,114	36,714
<i>Pass Through from the County of Champaign, Illinois</i>				
Formula Grants for Rural Areas	20.509	IL-2016-034	153,871	-
Total U.S. Department of Transportation			841,985	36,714
<b>Environmental Protection Agency</b>				
<i>Pass Through from the Illinois Environmental Protection Agency</i>				
Illinois Clean Diesel Grant Program	66.040	DERAST138	326,240	-
Total Federal Expenditures			<u>\$ 1,168,225</u>	<u>\$ 36,714</u>

\* - Denotes a major program.

**Notes to Schedule of Expenditures of Federal Awards:**

- The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs presented on the accrual basis in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in the basic financial statements, which are presented in conformity with accounting principles generally accepted in the United States of
- The District did not use the 10 percent de minimis indirect cost rate for the year ended June 30, 2018.
- Property and equipment purchases that are presented as expenditures in the Schedule of Expenditures of Federal Awards may be capitalized by the District for presentation in the basic financial statements.
- The District's fiscal year 2017 Schedule of Expenditures of Federal awards was presented on the cash basis. Therefore, some federal expenditures that were incurred in Fiscal Year 2017 were not presented in the Schedule of Expenditures of Federal Awards in Fiscal Year 2017 and are also not presented above for Fiscal Year 2018. These expenditures are listed below:

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant Number	Provided
<b>U.S. Department of Transportation -</b>			
Federal Transit Formula Grants	20.507	IL-90-X719	\$ 13,160
Federal Transit Formula Grants	20.507	IL-90-X723	7,872
Federal Transit Formula Grants	20.507	IL-90-X737	23,669
Total Federal Expenditures Incurred in Fiscal Year 2017 Paid in Fiscal Year 2018			<u>\$ 44,701</u>

- The District's subrecipient activity included:

Program Title/Subrecipient	CFDA Number	Grant Number	Amount Provided
<b>Federal Transit Formula Grants</b>			
Champaign County Regional Planning Commission	20.507	IL-90-X719	<u>\$ 36,714</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**1. Summary of Auditor's Results**

- (i) Type of auditor's report issued on the financial statements: Unmodified
- (ii) The audit did not disclose a material weakness in internal control over financial reporting.
- (iii) The audit did not disclose instances of noncompliance material to the financial statements.
- (iv) The audit did not disclose material weaknesses or significant deficiencies in internal control over the major federal award programs.
- (v) Type of auditor's report issued on compliance for the major program: Unmodified
- (vi) The audit did not disclose a finding that is required to be reported in accordance with 2 CFR section 200.516a.
- (vii) Major program:
  - U.S. Department of Transportation – Federal Transit Administration:
    - Federal Transit Cluster
      - CFDA #20.507
- (viii) The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- (ix) Champaign-Urbana Mass Transit District does not qualify as a low risk auditee.

**2. Findings – Financial Statement Audit**

None noted.

**3. Findings and Questioned Costs – Major Federal Award Program Audit**

None noted.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2018

**2017-001 – Material Adjusting Journal Entries Identified as a Result of Procedures Applied by the District’s External Auditors**

*Condition*

Our audit procedures identified material misstatements of financial statement amounts provided to us by management. Subsequent to identifying the misstatement, we proposed, and management approved, adjusting journal entries, which have corrected the identified misstatements in the financial statements.

*Recommendation*

1. The District’s management should record all adjusting journal entries necessary to report the account balances and transactions of the District prior to providing the trial balance summarization to the auditor for use in the annual financial statement audit.
2. If there are adjusting journal entries that management leaves knowingly for the auditor to calculate and record as part of the audit, this fact should be made clear to the auditor prior to the engagement. In addition, a member of management possessing the necessary accounting skills, knowledge, or experience must review the adjusting journal entries and the supporting documentation and provide specific approval of the calculation and the drafted adjusting journal entries.

*Status*

No material weakness findings were noted in current year related to material journal entries.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
Champaign-Urbana Mass Transit District  
Urbana, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Champaign-Urbana Mass Transit District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 10, 2019.

### **Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.




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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

### **Purpose of this Report**

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

  
Champaign, Illinois  
January 10, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees  
Champaign-Urbana Mass Transit District  
Urbana, Illinois

### **Report on Compliance for Each Major Federal Program**

We have audited Champaign-Urbana Mass Transit District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (Schedule 10).

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the



audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



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

*Martin Asoj LLC*

Champaign, Illinois

January 10, 2019