

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT

Urbana, Illinois

**Financial Statements  
and Supplementary Information**

For the Years Ended

June 30, 2019 and 2018

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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, 2019 and 2018, 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



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

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, 2019 and 2018, 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 November 25, 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  
November 25, 2019

**CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019 and 2018**

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 360 employees and provides several mobility services including fixed-route buses, direct van service, ADA Paratransit service, a Half-Fare Cab program and a Safe Rides 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 nighttime 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 2019 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 2019 closed with annual passenger ridership totaling 11,629,163 riders, a .9% increase over fiscal 2018. Ridership increased for the first half of the fiscal year due to more University of Illinois (U of I) student riders with the end of the ongoing Multi-Corridor Construction Project (MCORE) construction on Green Street in front of the U of I Illini Union. The economic and environmental factors of higher gas prices and higher precipitation in these months also encouraged ridership. However, the ridership gains were offset by declines in the last half of the fiscal year when MCORE construction began on the U of I campus on Wright Street in March. 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, the District approved the purchase of two (2) 40-foot hybrid diesel replacement buses. In the second quarter, the District contracted with planning consultant, Nelson/Nygaard, for a comprehensive route analysis. In response to a polar vortex causing subzero temperatures on January 30th, 2019, the District provided no fare, life-saving rides as a service to the community. The demand response mobile device application (app) was launched in March for SafeRides. The District successfully completed recertification for International Organization for Standardization (ISO) 9001:2015 (Quality) and ISO 14001:2015 (Environmental) in May, demonstrating the District's commitment to increase customer satisfaction and decrease environmental impacts. The first step to implement hydrogen fuel cell technology was accomplished in the fourth quarter of the fiscal year with the approval to purchase two (2) 60-foot articulated hydrogen fuel cell buses for the District which will be the first commercial deployment of articulated fuel cell buses in the United States.

Progress on adopting hydrogen fuel cell technology will continue in the future with plans to construct an on-site hydrogen fueling station and modify the current maintenance facility to accommodate hydrogen vehicles. Plans also continue for the future expansion of the District's downtown transportation hub, Illinois Terminal, as part of a larger commercial development project known as The Yards.

## **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.

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.



## 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 \$84.9 million to \$85.8 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>2019</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 42.0	\$ 40.6	\$ 43.0
Capital assets	65.1	67.2	69.0
Deferred outflows of resources	<u>10.2</u>	<u>3.4</u>	<u>7.6</u>
Total assets and deferred outflows	<u>117.3</u>	<u>111.2</u>	<u>119.6</u>
Current and other liabilities	7.2	9.3	18.7
Long-term liabilities	21.5	9.7	16.3
Deferred inflows of resources	<u>2.8</u>	<u>7.3</u>	<u>1.7</u>
Total liabilities and deferred inflows	<u>31.5</u>	<u>26.3</u>	<u>36.7</u>

Net position			
Net investment in capital assets	65.1	64.1	57.5
Restricted by enabling legislation	-	.7	-
Unrestricted	<u>20.7</u>	<u>20.1</u>	<u>25.4</u>
<b>Total net position</b>	<u>\$ 85.8</u>	<u>\$ 84.9</u>	<u>\$ 82.9</u>

### **Fiscal Year 2019**

The District's net position increased by 1.0% (\$85.8 million compared to \$84.9 million for fiscal 2018). Total assets and deferred outflows increased by \$6.1 million. Current and other assets increased by \$1.4 million and capital assets decreased by \$2.1 million. Deferred outflows of resources related to the pension liability increased \$6.8 million this year.

Current liabilities decreased by \$2.1 million and long-term liabilities increased \$11.8 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 \$.6 million.

### **Fiscal Year 2018**

The District's net position increased by 2% (\$84.9 million compared to \$82.9 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 \$6.6 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 \$5.3 million.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues			
Revenues from transportation services	\$ 7.4	\$ 7.8	\$ 7.9
C-CARTS	.2	.2	.1
Other operating revenues	<u>0.9</u>	<u>1.1</u>	<u>1.0</u>
Total operating revenues	<u>8.5</u>	<u>9.1</u>	<u>9.0</u>
Operating expenses			
Operations	23.0	22.7	22.0
Maintenance	7.1	7.0	6.0
General administration and Illinois Terminal	7.5	6.6	6.1
C-CARTS	0.7	0.7	0.6
Depreciation	<u>6.9</u>	<u>6.6</u>	<u>5.8</u>
Total operating expenses	<u>45.2</u>	<u>43.6</u>	<u>40.5</u>
Operating loss	<u>(36.7)</u>	<u>(34.5)</u>	<u>(31.5)</u>
Non-Operating Revenues			
Taxes	9.0	8.7	8.2
Assistance Grants - CUMTD	25.6	26.3	30.3
Assistance Grants – C-CARTS	.5	.5	.5
Other Non-Operating Revenues	<u>0.3</u>	<u>(0.0)</u>	<u>0.1</u>
Total non-operating revenues	<u>35.4</u>	<u>35.5</u>	<u>39.1</u>
Income (loss) before capital contributions	(1.3)	1.0	7.6
Capital contributions			
Capital grants	<u>2.2</u>	<u>1.0</u>	<u>9.3</u>
Change in net position	0.9	2.0	16.9
<b>Net position, beginning of year</b>	<u>84.9</u>	<u>82.9</u>	<u>67.5</u>
<b>Net position, end of year</b>	<u>\$ 85.8</u>	<u>\$ 84.9</u>	84.4
<b>Cumulative effect of GASB Statement 75 Adoption</b>			<u>(1.5)</u>
<b>Net position, end of year, FY17 restated</b>			<u>\$ 82.9</u>

### **Fiscal Year 2019**

The District's operating revenue decreased 6.6% (\$.6 million) while operating expenses minus depreciation and C-CARTS operating expenses increased by 3.8% (\$1.3 million).

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

- A \$.5 million increase in wages.
- A \$.9 million decrease in fringe benefits.
- A \$1.0 million increase in professional services, primarily due to MCORE.

### **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.

### **Budgetary Highlights**

#### **Fiscal Year 2019**

The Board of Trustees approved the District's budget for fiscal year 2019 on June 27, 2018. The budget included operating expenses of \$54.6 million, excluding depreciation and C-CARTS operating expenses, and included \$14.6 million of debt service.

- Actual operating revenue was \$8.3 million, \$.1 million more than budgeted for fiscal year 2019.
- Actual debt service was \$1.9 million, \$12.7 million under budget for fiscal year 2019.
- Actual operating expenses, less depreciation and C-CARTS operating expenses, of \$37.6 million were \$2.4 million under budget primarily due to the following:
  - Labor and fringe benefit expenses were \$2.4 million under budget.
  - Services and material and supplies were \$.09 million under budget.

#### **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.

**Capital Asset Administration**

At the end of fiscal year 2019, the District had \$65.1 million invested in a broad range of capital assets for a decrease of \$2.1 million over fiscal year 2018.

**Fiscal Year 2019 Major Additions Included**

Procurement of 5 Hybrid Buses – 40 ft \$ 3,086,223

The District’s fiscal year 2019 capital budget called for \$1.8 million in local dollars plus \$14.6 million of State of Illinois debt service funds. The fiscal year 2019 budget for locally funded capital projects includes:

Architectural & Engineering	\$ 500,000
Passenger Shelters, Bus Stops, and Associated Work	300,000
Miscellaneous Facility Improvements	200,000
MCORE Multimodal Corridor	<u>800,000</u>
<b>Total</b>	<b>\$ <u>1,800,000</u></b>

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 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 2,419,842

**Total** **\$ 4,934,406**

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>	<b>\$ <u>4,450,000</u></b>

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 2019 and 2018**

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 decreased \$.1 million during fiscal year 2019 as compared to a \$.1 million increase during fiscal year 2018. 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 increased \$11.9 million during fiscal year 2019, compared to a \$6.7 million decrease during fiscal year 2018. 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 \$.1 million during fiscal year 2019 and 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 2020 is \$70.9 million. This consists of \$67.6 million in projected operating expenses, including \$25.1 million in debt service, excluding depreciation, and excluding \$3.3 million in projected capital expenditures.
- The State of Illinois Operating Assistance budget for fiscal year 2020 has been approved. The contract was fully executed on June 20, 2019 for eligible operating expense reimbursement up to \$45.2 million, including \$25.1 million of debt service.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Statements of Net Position  
June 30, 2019 and 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2019	2018
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,023,483	\$ 3,970,652
Receivables		
Property Tax, Net of Allowance of \$73,656 and \$16,576, Respectively	6,740,823	3,934,113
State Operating Assistance Grant - CUMTD, Net of Grant Payables	7,462,861	6,598,652
Other	581,004	849,431
Inventories	1,542,868	1,244,178
Prepaid Expenses	1,338,490	1,347,742
Total Current Assets	20,689,529	17,944,768
<b>Capital Assets</b>		
Land and Construction in Progress, Not Being Depreciated	3,636,166	3,439,736
Other Property and Equipment, Net of Depreciation	61,489,560	63,740,743
Total Capital Assets	65,125,726	67,180,479
<b>Other Assets</b>		
Capital Reserves:		
Cash and Cash Equivalents	15,657,281	17,232,565
Investments	5,655,481	5,446,807
Total Other Assets	21,312,762	22,679,372
 Total Assets	 107,128,017	 107,804,619
<b>Deferred Outflows of Resources</b>		
Deferred Amount Related to Net Pension Liability	10,091,039	3,409,396
Deferred Amount Related to OPEB Liability	39,627	-
Total Deferred Outflows of Resources	10,130,666	3,409,396
 Total Assets and Deferred Outflows of Resources	 \$ 117,258,683	 \$ 111,214,015

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

<b>Current Liabilities</b>		
Accounts Payable	\$ 2,124,066	\$ 981,701
Accrued Expenses	3,310,400	3,424,596
Unredeemed Yearly Passes and Tokens	78,317	90,176
Accrued Interest	5,601	6,922
Workers' Compensation Liability	72,678	124,678
Obligations Under Incentive and Early Retirement Plans	173,317	125,538
Notes Payable	-	3,086,695
Other Current Liabilities	1,406,151	1,487,073
Total Current Liabilities	7,170,530	9,327,379
<b>Long-Term Liabilities</b>		
Net Pension Liability	19,459,759	7,604,149
OPEB Liability	1,640,865	1,563,090
Obligations Under Incentive and Early Retirement Plans, Net of Current	439,342	548,272
Total Long-Term Liabilities	21,539,966	9,715,511
 Total Liabilities	 28,710,496	 19,042,890
<b>Deferred Inflows of Resources</b>		
Deferred Amount Related to Net Pension Liability	2,755,828	7,247,280
Deferred Amount Related to OPEB Liability	22,917	25,148
Total Deferred Inflows of Resources	2,778,745	7,272,428
<b>Net Position</b>		
Net Investment in Capital Assets	65,125,726	64,093,784
Restricted by Enabling Legislation for Pension Expenditures	-	695,706
Unrestricted	20,643,716	20,109,207
Total Net Position	85,769,442	84,898,697
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 117,258,683	 \$ 111,214,015

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
 Statements of Revenues, Expenses, and Changes in Net Position  
 For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Operating Revenues</b>		
Yearly Passes	\$ 5,686,191	\$ 6,261,547
Student Fares and School Bus Service	706,354	576,809
Full Adult Fares	626,315	614,766
Rental of Equipment and Buildings	492,047	695,956
ADA Services	358,000	293,348
Advertising	230,070	303,210
C-CARTS	178,378	170,713
Half-Fare Cab	72,427	77,571
Miscellaneous	129,551	87,564
Total Operating Revenues	8,479,333	9,081,484
<b>Operating Expenses</b>		
Operations	22,979,464	22,668,185
Maintenance	7,095,679	7,019,076
General Administration	6,482,237	5,357,302
Illinois Terminal	1,046,709	1,193,026
C-CARTS	666,640	685,556
Depreciation	6,894,467	6,630,659
Total Operating Expenses	45,165,196	43,553,804
<b>Operating Income (Loss)</b>	(36,685,863)	(34,472,320)
<b>Non-Operating Revenues (Expenses)</b>		
Property Taxes	8,824,664	8,479,049
State Replacement Taxes	210,422	215,547
Government Grants and Assistance		
State Operating Assistance - CUMTD	25,607,142	26,336,601
State Operating Assistance - C-CARTS	362,359	380,999
Federal Operating Assistance - C-CARTS	153,871	153,871
Gain (Loss) on Disposal of Property and Equipment	(25,754)	42,884
Interest Expense	(80,266)	(160,541)
Investment Income	350,238	91,258
Total Non-Operating Revenues (Expenses)	35,402,676	35,539,668
<b>Net Income (Loss) Before Capital Contributions</b>	(1,283,187)	1,067,348
<b>Capital Contributions</b>		
Capital Grants	2,153,932	977,638
<b>Change in Net Position</b>	870,745	2,044,986
<b>Net Position, Beginning of Year</b>	84,898,697	82,853,711
<b>Net Position, End of Year</b>	\$ 85,769,442	\$ 84,898,697

See Accompanying Notes



CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Cash Flows From Operating Activities</b>		
Receipts from Customers	\$ 8,736,818	\$ 8,828,192
Payments to Vendors	(17,689,382)	(16,276,698)
Payments to Employees	(18,945,266)	(18,012,261)
Net Cash Provided by (Used in) Operating Activities	(27,897,830)	(25,460,767)
<b>Cash Flows From Non-Capital and Related Financing Activities</b>		
State Operating Assistance Grants Proceeds Received	25,105,292	22,643,065
Federal Operating Assistance Grant Proceeds Received	153,871	153,871
Tax Proceeds Received	6,228,376	8,392,757
Advances on Notes Payable for Non-Capital Purposes	512,346	50,000
Principal Paid on Notes Payable	(562,346)	-
Net Cash Provided by (Used in) Non-Capital and Related Financing Activities	31,437,539	31,239,693
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from Capital Grants	1,814,881	1,654,972
Proceeds from the Sale of Property and Equipment	32,320	456,746
Purchases of Property and Equipment	(2,632,361)	(1,018,402)
Payments of Accounts Payable for Capital Asset Additions Prior to Fiscal Year 2018	(136,684)	(657,955)
Principal Paid on Notes Payable	(5,199,378)	(13,592,463)
Interest Paid on Notes Payable	(81,587)	(159,859)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(6,202,809)	(13,316,961)
<b>Cash Flows From Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	2,200,000	1,690,000
Purchase of Investments	(2,408,674)	(1,706,031)
Interest Received	349,321	81,133
Net Cash Provided by (Used in) Investing Activities	140,647	65,102
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(2,522,453)	(7,472,933)
<b>Cash and Cash Equivalents - Beginning of Year</b>	21,203,217	28,676,150
<b>Cash and Cash Equivalents - End of Year</b>	\$ 18,680,764	\$ 21,203,217
<b>Presented on the Statement of Net Position as Follows:</b>		
Cash and Cash Equivalents	\$ 3,023,483	\$ 3,970,652
Capital Reserves-Cash and Cash Equivalents	15,657,281	17,232,565
Total	\$ 18,680,764	\$ 21,203,217
<b>Noncash Capital and Related Financing Activities</b>		
Capital Assets Acquired Through Grants	\$ 339,051	\$ -
Capital Assets Acquired Through Accounts Payable	\$ 71,395	\$ 307,702
Capital Assets Related Accounts Payable Converted to Debt	\$ 307,702	\$ 1,254,167
Capital Assets Acquired Through Debt Issuance	\$ 1,854,981	\$ 3,924,832

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Reconciliation of Operating Income (Loss)</b>		
<b>to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income (Loss)	\$ (36,685,863)	\$ (34,472,320)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Depreciation	6,894,467	6,630,659
Changes in Assets and Liabilities:		
Other Receivables	269,344	(275,574)
Inventories	(298,690)	(41,595)
Prepaid Expenses	9,252	(1,100,747)
Deferred Outflow of Resources Related to Net Pension Liability	(6,681,643)	4,270,265
Deferred Outflow of Resources Related to OPEB Liability	(39,627)	-
Accounts Payable and Accrued Expenses	1,349,160	455,775
Unredeemed Yearly Passes and Tokens	(11,859)	22,282
Net Pension Liability	11,855,610	(6,739,446)
OPEB Liability	77,775	13,808
Obligations Under Incentive and Early Retirement Plans	(61,151)	122,542
Other Current Liabilities	(80,922)	139,223
Deferred Inflows of Resources Related to Net Pension Liability	(4,491,452)	5,489,213
Deferred Inflows of Resources Related to OPEB Liability	(2,231)	25,148
Net Adjustments	8,788,033	9,011,553
Net Cash Provided by (Used in) Operating Activities	\$ (27,897,830)	\$ (25,460,767)

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Notes to Basic Financial Statements  
June 30, 2019 and 2018

**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.

**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 2018 tax levy was passed by the Board of Trustees on December 12, 2018. 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 typically 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, 2019 and 2018 was from the 2018 and 2017 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, 2019 and 2018, 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 two items that qualify for reporting in this category, pension related deferred outflows and other postemployment benefits (OPEB) 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, 2018 and 2017, but before the end of the District's reporting periods of June 30, 2019 and 2018, respectively. This item will be included in the net pension liability and pension expense calculation in subsequent fiscal years. The OPEB-related deferred outflow 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.

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, 2019 include the allowance for uncollectible receivables, 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, 2019, \$19,544,985 of the District's \$25,575,035 bank balance, which reconciled to a book balance of \$18,680,764 of cash and cash equivalents and \$5,655,481 of investments, was exposed to custodial credit risk. Of the amount exposed, \$19,204,067 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. The remaining \$340,918 exposed was uninsured and uncollateralized.

### *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, 2019 and June 30, 2018, the District held \$4,819,514 and \$5,446,807, respectively, in negotiable certificates of deposits. At June 30, 2019, the District also held \$835,967 in cash in its investment brokerage account.

### *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 no 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, 2019 and 2018:

	Total	June 30, 2019		
		Fair Value Measurement		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Certificates of Deposit				
(Negotiable)	\$ 4,819,514	\$ -	\$ 4,819,514	\$ -
Cash	835,967		Not Applicable	
Total	<u>\$ 5,655,481</u>			
	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>	\$ -	\$ 5,446,807	\$ -

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, 2019 and 2018.

*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, 2019, the District held the following investments subject to interest rate risk:

	<u>June 30, 2019</u>	
	<u>Carrying Value</u>	<u>Weighted Average Maturity (Yrs)</u>
Negotiable Certificates of Deposit	<u>\$ 4,819,514</u>	<u>1.49</u>

*Custodial Credit Risk – Investments*

At June 30, 2019, the District had \$4,319,514 in excess of insurance coverage provided by the Securities Investor Protection Corporation. The District’s investment policy does not address the custodial credit risk of investment.

**4. Receivables**

*State Operating Grants Assistance*

During the years ended June 30, 2019 and 2018, 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, 2019 and 2018, the estimated amounts (due to) and due from IDOT, respectively, are as follows:

	<u>2019</u>	<u>2018</u>
Fiscal Year 2019 Grant Agreement	\$ 6,392,063	\$ -
Fiscal Year 2018 Grant Agreement	(486,652)	5,041,202
Fiscal Year 2017 Grant Agreement	2,578,294	2,578,294
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	(572,221)	(572,221)
Net Amount Due from IDOT	<u>\$ 7,462,861</u>	<u>\$ 6,598,652</u>

#### *Other Receivables*

Other receivables consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Trade Receivables, Net	\$ 141,127	\$ 154,868
Due from Other Governments	213,384	577,090
Employees	3,919	4,116
Replacement Tax	33,666	32,219
Interest Receivable	22,371	21,454
Miscellaneous	166,537	59,684
Total Other Receivables	<u>\$ 581,004</u>	<u>\$ 849,431</u>

## **5. Inventories**

Inventories consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Materials and Supplies	\$ 1,464,197	\$ 1,171,778
Fuel and Lubricant	78,671	72,400
Total Inventories	<u>\$ 1,542,868</u>	<u>\$ 1,244,178</u>

## 6. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	June 30, 2018	Additions and Adjustments	Disposals and Adjustments	June 30, 2019
Not Being Depreciated:				
Land	\$ 2,297,236	\$ -	\$ -	\$ 2,297,236
Construction in Progress	1,142,500	1,373,736	1,177,306	1,338,930
Being Depreciated:				
Land Improvements	43,028	236,417	-	279,445
Office, Garage, and Buildings	47,681,424	5,114	-	47,686,538
Leasehold Improvements	2,514,564	126,342	-	2,640,906
Revenue Vehicles	63,912,643	3,382,455	2,033,978	65,261,120
Service Vehicles	573,989	98,419	37,422	634,986
Passenger Shelters	2,876,529	546,084	463,840	2,958,773
Intangibles	-	176,200	-	176,200
Other Equipment	5,392,398	130,327	18,615	5,504,110
Total Cost	<u>126,434,311</u>	<u>6,075,094</u>	<u>3,731,161</u>	<u>128,778,244</u>
Less: Accumulated Depreciation	59,253,832	6,894,467	2,495,781	63,652,518
Property and Equipment, Net	<u>\$67,180,479</u>	<u>\$ (819,373)</u>	<u>\$ 1,235,380</u>	<u>\$65,125,726</u>

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>

## **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 \$2,898,924 and \$3,033,194 at June 30, 2019 and 2018, 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, 2019 and 2018, the District has recorded an expense of \$96,979 and \$243,789, respectively. The District had a liability of \$612,659 and \$673,810, respectively, related to this plan at June 30, 2019 and 2018. 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, 2019:

Fiscal Year	
2020	\$ 173,317
2021	292,642
2022	132,953
2023	13,747
Total	<u>\$ 612,659</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, 2019 and 2018:

	June 30, 2018	Issued	Retired	June 30, 2019	Due Within One Year
Incentive and Early Retirement Plans	\$ 673,810	\$ 96,979	\$ 158,130	\$ 612,659	\$ 173,317
Accrued Compensated Absences	3,033,194	-	134,270	2,898,924	2,898,924
Net Pension Liability	7,604,149	13,288,125	1,432,515	19,459,759	-
OPEB Liability	1,563,090	198,737	120,962	1,640,865	-
	<u>\$ 12,874,243</u>	<u>\$ 13,583,841</u>	<u>\$ 1,845,877</u>	<u>\$ 24,612,207</u>	<u>\$ 3,072,241</u>

	June 30, 2017	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>

## 10. Notes Payable

The District had two lines of credit with a local bank during Fiscal Year 2019. The first was a \$10,000,000 straight line of credit that had interest at a fixed rate of 3.55 percent. It was secured by the capital assets purchased with the line of credit and matured June 30, 2019. The second line of credit was a \$6,000,000 revolving line of credit for operations that had

interest at a fixed rate of 4.50 percent. This line of credit was secured by substantially all the assets of the District and matured June 30, 2019. As of June 30, 2019, there were no outstanding balances on these two lines of credit.

As of July 1, 2019, the District has two new 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. This line of credit matures June 30, 2020 and is secured by substantially all the District's assets. 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 matures June 30, 2022 and is secured by substantially all the District's assets. Each of the following shall constitute an event of default under these agreements: payment default, failure to comply with or to perform any other term contained in the agreement, default in favor of third parties, false statements, defective collateralization, insolvency, creditor or forfeiture proceedings, events affecting guarantor, adverse change, and insecurity. If an event of default occurs under this agreement, the lender may exercise any one or more of the following rights and remedies: accelerate indebtedness, assemble collateral, sell the collateral, mortgagee in possession, collect revenues and apply accounts, obtain deficiency, other rights and remedies available at law, in equity, or otherwise, and election of remedies. There are no termination or acceleration clauses.

The activity in the District's short-term debt during the years ended June 30, 2019 and 2018 included:

	June 30, 2018	Issued	Retired	June 30, 2019
Lines of Credit	<u>\$ 3,086,695</u>	<u>\$ 2,675,029</u>	<u>\$ 5,761,724</u>	<u>\$ -</u>
	June 30, 2017	Issued	Retired	June 30, 2018
Lines of Credit	<u>\$ 11,450,159</u>	<u>\$ 8,265,694</u>	<u>\$ 16,629,158</u>	<u>\$ 3,086,695</u>

## 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.

There have been no changes in benefits between measurement dates.

### *Employees Covered by Benefit Terms*

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	167
Inactive Plan Members Entitled to but not yet Receiving Benefits	147
Active Plan Members	341
Total	<u><u>655</u></u>

### *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 years 2018 and 2017 was 11.9 percent and 13.0 percent, respectively. For calendar years 2018 and 2017, the District contributed \$1,432,515 and \$889,323, respectively, 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, 2018. 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, 2018:

- 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 7.25 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, 2018:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	1%	2.50%
	100%	

There was a change in the investment rate of return assumption between the December 31, 2017 and December 31, 2018 measurement dates from 7.50 percent to 7.25 percent.

#### *Single Discount Rate*

A single discount rate of 7.25 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 7.25 percent, the municipal bond rate is 3.71 percent, and the resulting single discount rate is 7.25 percent.



*Changes in the Net Pension Liability*

For the fiscal year ended June 30, 2019:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 85,635,633	\$ 78,031,484	\$ 7,604,149
Changes for the year:			
Service Cost	1,747,032	-	1,747,032
Interest on the Total Pension Liability	6,327,389	-	6,327,389
Changes on Benefit Terms	-	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	(104,374)	-	(104,374)
Changes of Assumptions	2,626,345	-	2,626,345
Contributions - Employer	-	1,432,515	(1,432,515)
Contributions - Employees	-	835,423	(835,423)
Net Investment Income	-	(4,397,393)	4,397,393
Difference Between Projected and Actual Investment	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(4,287,929)	(4,287,929)	-
Other (Net Transfer)	-	870,237	(870,237)
Net Changes	6,308,463	(5,547,147)	11,855,610
Balances at December 31, 2018	\$ 91,944,096	\$ 72,484,337	\$ 19,459,759

For the 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	\$ 83,973,337	\$ 69,629,742	\$ 14,343,595
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	1,662,296	8,401,742	(6,739,446)
Balances at December 31, 2017	\$ 85,635,633	\$ 78,031,484	\$ 7,604,149

*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 7.25 percent for 2018, 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 6.25%	December 31, 2018 Current Discount 7.25%	1% Higher 8.25%
Net Pension Liability	\$ 31,328,531	\$ 19,459,759	\$ 9,656,372

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

For the year ended June 30, 2019 and 2018, the District recognized pension expense of \$2,949,000 and \$3,613,230, respectively. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between Expected and Actual Experience	\$ 1,482,006	\$ 759,476
Changes of Assumptions	2,627,378	1,996,352
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,838,046	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	8,947,430	2,755,828
Pension Contributions made subsequent to the Measurement Date	1,143,609	-
Total Deferred Amounts Related to Pensions	<u>\$ 10,091,039</u>	<u>\$ 2,755,828</u>

The \$1,143,609 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, 2020. 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:

Plan Year Ending December 31	Net Deferred Outflows of Resources
2019	\$ 2,223,544
2020	1,088,479
2021	433,765
2022	2,214,338
2023	231,476
Total	<u>\$ 6,191,602</u>

*Payables to the Pension Plan*

At June 30, 2019 and 2018, the District had \$15,488 and \$15,781, respectively, 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, 2019, 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, 2019. The total OPEB liability was determined based on the June 30, 2018 actuarial valuation rolled forward one year. The District’s total OPEB liability was \$1,640,865 and \$1,563,090 as of June 30, 2019 and 2018, respectively.

*Actuarial Assumptions and Other Inputs*

The actuarial assumptions used in valuing the OPEB liability for June 30, 2019, include:

Actuarial cost method		Entry Age Normal	
Discount Rate		3.5%	
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, 2019. Discount rate as of July 1, 2018 was 3.87 percent and 3.50 percent at June 30, 2019.

*Changes in the Total OPEB Liability*

For fiscal year ended June 30, 2019:

	<u>Total OPEB Liability</u>
Balances at July 1, 2018	<u>\$ 1,563,090</u>
Changes for the year:	
Service Cost	96,546
Interest on the Total OPEB Liability	58,336
Changes on Benefit Terms	-
Differences between Expected and Actual Experience of the Total OPEB Liability	-
Changes of Assumptions	43,855
Contributions - Employer	-
Contributions - Employees	-
Net Investment Income	-
Difference Between Projected and Actual Investment	-
Benefit Payments, Including Refunds of Employee Contributions	(120,962)
Other (Net Transfer)	-
Net Changes	<u>77,775</u>
Balances at June 30, 2019	<u><u>\$ 1,640,865</u></u>

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, 2019 valuation was prepared using a discount rate of 3.50 percent. If the discount rates were one percent lower (2.50 percent) or one percent higher (4.50 percent) than the current discount rate the Total OPEB Liability would be as follows:

	1% Lower 2.50%	June 30, 2019 <u>Current Discount</u> 3.50%	1% Higher 4.50%
Total OPEB Liability	<u>\$ 1,739,890</u>	<u>\$ 1,640,865</u>	<u>\$ 1,546,806</u>

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

The June 30, 2019 valuation was prepared using an initial trend rate of 8 percent decreasing to 4 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:

	June 30, 2019		
	1% Lower 7.0% Decreasing 3.00%	Current Trend Rates 8.0% Decreasing to 4.0%	1% Higher 9.0% Decreasing to 5%
Total OPEB Liability	\$ 1,622,603	\$ 1,640,865	\$ 1,659,170

*OPEB Expense*

For the years ended June 30, 2019 and 2018, the District recognized an OPEB expense as follows:

	2019	2018
Service Cost	\$ 96,546	\$ 96,795
Interest on the Total OPEB Liability	58,336	56,915
Recognition of Outflow (Inflow) of Resources due to Liabilities	1,997	(2,231)
Total OPEB Expense	<u>\$ 156,879</u>	<u>\$ 151,479</u>

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

At June 30, 2019, 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	39,627	(22,917)
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	<u>\$ 39,627</u>	<u>\$ (22,917)</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 Outflows of Resources	Net Deferred Inflows of Resources
2020	\$ 4,228	\$ (2,231)
2021	4,228	(2,231)
2022	4,228	(2,231)
2023	4,228	(2,231)
2024	4,228	(2,231)
Thereafter	18,487	(11,762)
Total	<u>\$ 39,627</u>	<u>\$ (22,917)</u>

### 13. Unrestricted Net Position

Unrestricted net position consist of the following at June 30, 2019 and 2018:

	2019	2018
Board Designated for Capital Reserves	\$21,312,762	\$22,679,372
Undesignated	(669,046)	(2,570,165)
Total Unrestricted Net Position	<u>\$20,643,716</u>	<u>\$20,109,207</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 \$49,417,644 and \$29,577,814, respectively, at June 30, 2019.

Future minimum lease receipts under these operating leases are as follows at June 30, 2019:

Fiscal Year	
2020	\$ 299,487
2021	140,509
2022	133,128
2023	133,128
2024	71,720
Thereafter	44,434
Total	<u>\$ 822,406</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, 2019 and 2018 totaled \$485,823 and \$458,829, 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, 2019 and 2018, the District had a claims liability balance of \$72,678 and \$124,678, respectively, for expected additional claims payable. Losses and claims recognized for the years ended June 30, 2019 and 2018 total \$29,996 and \$300,512, 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, 2019 and 2018:

	<u>June 30,</u> <u>2018</u>	<u>Provision</u>	<u>Payment</u>	<u>June 30,</u> <u>2019</u>
Self-Insurance				
Claims Liability	<u>\$ 124,678</u>	<u>\$ 29,996</u>	<u>\$ 81,996</u>	<u>\$ 72,678</u>
	<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>

## 16. Lease Commitments

The District leases real property, furniture, equipment, and vehicles under various non-cancelable operating leases, expiring at various times between February 2020 and March 2031. Future minimum lease payments under these operating leases are as follows at June 30, 2019:

Fiscal Year	
2020	\$ 192,739
2021	173,312
2022	149,797
2023	112,408
2024	102,000
Thereafter	688,500
Total	<u>\$ 1,418,756</u>

Total rental expense for operating leases for the years ended June 30, 2019 and 2018 was \$240,432 and \$304,866, respectively.

## 17. Concentration of Revenue

Yearly passes revenue for the years ended June 30, 2019 and 2018 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, 2019 and 2018 was \$5,493,057 and \$6,082,954, respectively, which was 11.92 percent and 13.29 percent, respectively, of the District's revenue. At June 30, 2018, the amount due from the University of Illinois included in accounts receivable was \$109,099. No such concentrations for June 30, 2019 were noted.

The revenue recognized related to operating and capital grants from IDOT for the years ended June 30, 2019 and 2018 was \$25,928,544 and \$26,717,600, respectively, which was 56.27 percent and 58.4 percent, respectively, of the District's revenue. At June 30, 2019 and 2018, amounts due from IDOT were \$7,527,722 and \$6,996,364, respectively.

## 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, 2019</u>	<u>Remaining Commitment</u>
MCORE Project	\$ 2,829,395	\$ 2,718,492	\$ 110,903
MCORE Kiosks	1,260,095	1,194,095	66,000
Hydrogen Fuel Cell Project	11,200,000	380,924	10,819,076
11 Hybrid Buses	9,705,723	-	9,705,723
Operations Analysis	194,521	17,400	177,121
In-ground Lifts	733,684	-	733,684
Total	<u>\$ 25,923,418</u>	<u>\$ 4,310,911</u>	<u>\$ 21,612,507</u>

## 19. Contingent Liabilities

### *Litigation*

The District is involved in several worker-compensation claims with current and former employees. As of June 30, 2019 and 2018, the District has recorded a liability of \$72,678 and \$124,678, 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, 2019, the balance of PTA funds held by the District was \$92,859.

## 20. Reclassification of Comparative Year Information

Certain amounts presented in the statement of cash flows for the fiscal year ended June 30, 2018 have been reclassified to correspond to the presentation for the fiscal year ended June 30, 2019. The following lines have changed for 2018:

### Cash Flows From Operating Activities

Payments to Vendors - amount changed

### Cash Flows From Non-Capital and Related Financing Activities

Advances on Notes Payable for Non-Capital Purposes - line added

### Cash flows From Capital and Related Financing Activities

Purchases of Property and Equipment - amount changed

Advances on Notes Payable - line removed

### Noncash Capital and Related Financing Activities

Capital Assets Acquired Through Accounts Payable - line added

Capital Assets Related Accounts Payable Converted to Debt - line added

Capital Assets Acquired Through Debt Issuance - amount changed

### Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities

Accounts Payable and Accrued Expenses - amount changed

## 21. New Government Accounting Standard

In June 2017, GASB issued GASB Statement 87 (GASB 87), *Leases*. The provisions of GASB 87 require that lessees recognize a lease liability and a right-of-use asset for all leases greater than 12 months. GASB 87 is effective for the District's Fiscal Year 2021. Early adoption is permitted; however, the District has not chosen to do so. The District's management is currently evaluating the effect, if any, the updated standards will have on its financial statements.

**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)

	2018	2017	2016	2015	2014
<b>Total Pension liability</b>					
Service Cost	\$ 1,747,032	\$ 1,803,142	\$ 1,924,207	\$ 1,766,692	\$ 1,891,042
Interest on Total Pension Liability	6,327,389	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	(104,374)	526,348	(971,731)	3,506,838	(1,219,049)
Changes of Assumptions	2,626,345	(2,752,396)	(415,902)	204,603	2,539,109
Benefit Payments, Including Refunds of Employee Contribution	(4,287,929)	(4,125,702)	(3,660,882)	(3,088,953)	(2,473,784)
Net Change in Total Pension Liability	6,308,463	1,662,296	2,861,832	7,821,798	5,772,531
Total Pension Liability - Beginning	85,635,633	83,973,337	81,111,505	73,289,707	67,517,176
Total Pension Liability - Ending (A)	<u>\$ 91,944,096</u>	<u>\$ 85,635,633</u>	<u>\$ 83,973,337</u>	<u>\$ 81,111,505</u>	<u>\$ 73,289,707</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 1,432,515	\$ 889,323	\$ 4,976,997	\$ 2,650,658	\$ 2,276,611
Contributions - Employees	835,423	824,278	771,895	789,705	731,426
Net Investment Income	(4,397,393)	12,414,921	4,295,706	4,681,834	3,576,698
Benefit Payments, Including Refunds of Employee Contributions	(4,287,929)	(4,125,702)	(3,660,882)	(7,458,442)	(2,473,784)
Other (Net Transfer)	870,237	(1,601,078)	377,999	(88,943)	(184,996)
Net Change in Plan Fiduciary Net Position	(5,547,147)	8,401,742	6,761,715	574,812	3,925,955
Plan Fiduciary Net Position, Beginning	78,031,484	69,629,742	62,868,027	62,293,215	58,367,260
Plan Fiduciary Net Position, Ending (B)	<u>\$ 72,484,337</u>	<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>\$ 19,459,759</u>	<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	78.84%	91.12%	82.92%	77.51%	85.00%
Covered Payroll	\$ 18,300,000	\$ 17,415,622	\$ 17,153,222	\$ 17,549,000	\$ 16,253,911
Net Pension Liability as a Percentage of Covered Payroll	106.34%	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 Fiscal Years

Required Supplementary Information  
(Unaudited)

(1) (2) Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2019	\$ 2,355,210	\$ 1,432,515	\$ 922,695	\$ 18,300,000	7.83%
2018	2,241,391	889,323	1,352,068	17,415,622	5.11%
2017	2,207,620	4,976,997	(2,769,377)	17,153,222	29.01%
2016	2,302,597	2,650,658	(348,061)	17,549,000	15.10%
2015	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.
- (2) Contribution information reflects contributions recognized by IMRF and included in the fiduciary net position liability at each fiscal year end.

See Accompanying Notes on the Following Page



CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Notes to Required Supplementary Information - Schedule of Employer Contributions - IMRF  
(Unaudited)  
June 30, 2019

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 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 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	25-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 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 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:

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2016, 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)

	2019	2018
Total OPEB liability		
Service Cost	\$ 96,546	\$ 96,795
Interest on Total OPEB Liability	58,336	56,915
Changes in Benefit Terms	-	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	-	-
Changes of Assumptions	43,855	(27,379)
Benefit Payments	(120,962)	(112,523)
Net Change in Total OPEB Liability	77,775	13,808
Total OPEB Liability - Beginning	1,563,090	1,549,282
Total OPEB Liability - Ending	\$ 1,640,865	\$ 1,563,090
 Covered Employee Payroll	 \$ 13,587,275	 \$ 14,695,096
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 12.08%	 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, 2019

Actuarial Cost Method:

Entry age normal

Interest Rate Used to Discount the Liability:

3.50%

Healthcare Inflation Rates:

8.00% in Fiscal Year 2019 decreasing to 4.0% by Fiscal Year 2025 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, 2019 and 2018

	2019	2018
<b>Operations</b>		
Wages:		
Operators	\$ 9,205,894	\$ 8,792,529
Street Supervisors and Dispatchers	1,130,750	1,102,259
Other Supervisors	675,096	671,903
Clerical	285,784	260,960
Labor Credit	(46,410)	(42,525)
Total Wages	11,251,114	10,785,126
Fringe Benefits:		
Health and Dental Insurance	2,769,168	2,744,549
Paid Absences	2,392,850	2,413,430
Illinois Municipal Retirement Fund	2,104,793	2,644,324
Social Security Tax	994,898	949,900
Workers' Compensation Insurance and Claims	138,475	96,199
Early Retirement Plan	66,903	139,396
Unemployment Insurance	40,935	31,982
Uniform Allowances	32,557	30,481
Other Fringe Benefits	71,780	67,328
Total Fringe Benefits	8,612,359	9,117,589
Services:		
ADA	874,686	615,091
Taxi	144,854	155,141
Printing	34,603	62,901
Other Services	62,317	32,278
Total Services	1,116,460	865,411
Materials and Supplies Consumed:		
Fuel and Lubrications	1,630,885	1,573,492
Tires and Tubes	141,567	143,029
Small Equipment	1,042	3,804
Other Materials and Supplies Consumed	19,335	16,762
Total Materials and Supplies Consumed	1,792,829	1,737,087
Miscellaneous:		
Leased Equipment	139,854	126,170
Other	66,848	36,802
Total Miscellaneous	206,702	162,972
<b>Total Operations</b>	<b>\$ 22,979,464</b>	<b>\$ 22,668,185</b>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Maintenance</b>		
Wages:		
Mechanics	\$ 1,100,851	\$ 1,134,901
Cleaners	693,859	622,292
Supervisors and Clerical	630,386	541,073
Total Wages	<u>2,425,096</u>	<u>2,298,266</u>
 Fringe Benefits:		
Health and Dental Insurance	629,027	623,852
Paid Absences	494,173	494,780
Illinois Municipal Retirement Fund	464,046	589,920
Social Security Tax	218,134	212,643
Early Retirement Plan	30,076	94,565
Uniform and Tools Allowance	26,862	21,313
Workers' Compensation Insurance and Claims	20,797	154,195
Unemployment Insurance	7,881	6,711
Other Fringe Benefits	26,045	26,066
Total Fringe Benefits	<u>1,917,041</u>	<u>2,224,045</u>
 Services:		
Contract Maintenance	106,284	102,966
Other Services	235	1,466
Total Services	<u>106,519</u>	<u>104,432</u>
 Materials and Supplies Consumed:		
Revenue Vehicles Repairs	2,084,421	1,831,767
Buildings and Grounds Repairs	146,908	175,287
Fuel and Lubricants	101,308	101,455
Passenger Shelter Repairs	82,857	47,621
Garage Equipment Repairs	54,046	44,706
Service Supplies	51,307	58,837
Shop Tools	44,348	27,732
Service Vehicles Repairs	14,288	16,903
Other Materials and Supplies Consumed	10,313	19,068
Total Materials and Supplies Consumed	<u>2,589,796</u>	<u>2,323,376</u>
 Miscellaneous:		
Leased Equipment	34,244	34,807
Other	22,983	34,150
Total Miscellaneous	<u>57,227</u>	<u>68,957</u>
 <b>Total Maintenance</b>	 <u><u>\$ 7,095,679</u></u>	 <u><u>\$ 7,019,076</u></u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>General Administration</b>		
Wages:		
Supervisors	\$ 1,059,401	\$ 1,250,404
Clerical	224,401	156,624
Total Wages	<u>1,283,802</u>	<u>1,407,028</u>
 Fringe Benefits:		
Illinois Municipal Retirement Fund	284,537	262,768
Health and Dental Insurance	272,672	270,354
Social Security Tax	78,966	89,956
Workers' Compensation Insurance and Claims	5,425	4,163
Unemployment Insurance	3,916	1,992
Early Retirement Plan	-	9,828
Paid Absences	-	917
Other Fringe Benefits	103,292	46,585
Total Fringe Benefits	<u>748,808</u>	<u>686,563</u>
 Services:		
Professional and Technical	1,708,820	675,453
Contract Maintenance	554,334	482,549
Temporary Help	67,674	129,893
Printing	2,963	3,545
Other Services	54,493	55,444
Total Services	<u>2,388,284</u>	<u>1,346,884</u>
 Materials and Supplies Consumed:		
Small Equipment	9,270	9,941
Office Supplies	7,468	33,623
Total Materials and Supplies Consumed	<u>16,738</u>	<u>43,564</u>
 Casualty and Liability Costs:		
Uninsured Public Liability	516,813	481,619
Public Liability and Property Damage Insurance	441,605	416,777
Physical Damage Insurance	49,153	49,804
Insurance and Property Damage Recoveries	(30,770)	(65,766)
Other Insurance	33,249	29,538
Total Casualty and Liability Costs	<u>1,010,050</u>	<u>911,972</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>General Administration Continued</b>		
Miscellaneous:		
Utilities	406,900	348,310
Advertising	160,027	178,830
Dues and Subscriptions	83,189	82,033
Travel and Meetings	81,132	86,171
Leased Equipment	49,980	137,240
Other	253,327	128,707
Total Miscellaneous	<u>1,034,555</u>	<u>961,291</u>
<b>Total General Administration</b>	<u>\$ 6,482,237</u>	<u>\$ 5,357,302</u>
<b>Illinois Terminal</b>		
Wages:		
Security	\$ 158,063	\$ 119,202
Clerical	113,350	87,169
Cleaners	94,441	123,054
Supervisors	60,407	96,150
Total Wages	<u>426,261</u>	<u>425,575</u>
Fringe Benefits:		
Health and Dental Insurance	149,409	159,996
Illinois Municipal Retirement Fund	68,679	76,760
Social Security Tax	43,839	35,606
Paid Absences	40,864	37,772
Uniform and Tool Allowances	2,539	1,676
Workers' Compensation Insurance and Claims	(42,595)	97,463
Other Fringe Benefits	3,433	2,624
Total Fringe Benefits	<u>266,168</u>	<u>411,897</u>
Services:		
Contract Maintenance	27,652	31,180
Professional Services	964	2,068
Other Services	2,458	8,113
Total Services	<u>31,074</u>	<u>41,361</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Illinois Terminal Continued</b>		
Materials and Supplies Consumed:		
Buildings and Grounds Repairs	115,276	125,629
Shop Tools	24,174	16,966
Services Supplies	23,514	20,519
Other Materials and Supplies Consumed	5,656	3,734
Total Materials and Supplies Consumed	<u>168,620</u>	<u>166,848</u>
Miscellaneous:		
Utilities	129,010	114,065
Other	25,576	33,280
Total Miscellaneous	<u>154,586</u>	<u>147,345</u>
<b>Total Illinois Terminal</b>	<u><u>\$ 1,046,709</u></u>	<u><u>\$ 1,193,026</u></u>
<b>C-CARTS</b>		
Wages:		
Operators	\$ 281,639	\$ 286,527
Supervisors	35,602	36,545
Clerical	10,199	15,710
Training	8,531	7,488
Total Wages	<u>335,971</u>	<u>346,270</u>
Fringe Benefits:		
Illinois Municipal Retirement Fund	26,945	39,458
Social Security Tax	26,285	24,996
Health and Dental Insurance	23,643	25,084
Paid Absences	14,923	10,244
Unemployment Allowance	2,775	2,558
Uniform and Tool Allowances	676	254
Workers' Compensation Insurance and Claims	498	2,697
Other Fringe Benefits	992	543
Total Fringe Benefits	<u>96,737</u>	<u>105,834</u>



CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedules of Operating Expenses  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>C-CARTS Continued</b>		
Services:		
Professional Services	26,411	8,512
Contractual Maintenance	3,615	3,515
Printing	275	863
Other Services	(25)	46
Total Services	<u>30,276</u>	<u>12,936</u>
Materials and Supplies Consumed:		
Fuel and Lubricants	95,999	102,511
Repairs and Maintenance	53,745	61,107
Tires and Tubes	16,115	14,739
Office Supplies	678	529
Buildings and Grounds Repairs	77	-
Small Tools and Equipment	-	3,572
Total Materials and Supplies Consumed	<u>166,614</u>	<u>182,458</u>
Miscellaneous:		
Leased Equipment	26,246	34,033
Utilities	4,321	-
Other	3,571	1,360
Total Miscellaneous	<u>34,138</u>	<u>35,393</u>
Casualty and Liability Costs:		
Public Liability and Property Damage Insurance	2,904	-
Uninsured Public Liability	-	2,665
Total Casualty and Liability Costs	<u>2,904</u>	<u>2,665</u>
<b>Total C-CARTS</b>	<u>\$ 666,640</u>	<u>\$ 685,556</u>
<b>Depreciation</b>		
Revenue Vehicles, Fareboxes, and Radios	\$ 4,746,138	\$ 4,551,888
Office and Garage Facilities	1,733,244	1,662,503
Office and Garage Equipment	58,138	93,988
Service Vehicles	73,033	47,890
Other Equipment	283,914	274,390
<b>Total Depreciation</b>	<u>\$ 6,894,467</u>	<u>\$ 6,630,659</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
 Schedule of Revenues and Expenses  
 Under Downstate Operating Assistance Grant OP-19-01-IL  
 For The Year Ended June 30, 2019

Operating Revenues:	
401 Passenger Fares for Transit Services	\$ 1,639,853
402 Special Transit Fares	5,809,434
403 School Bus Service	-
406 Auxiliary Revenue	254,936
407 Non-Transportation Revenue	963,290
411 State Grants and Reimbursements other than DOAP	-
413 Federal Grants and Reimbursements	-
	<hr/>
Total Operating Revenues	<u>\$ 8,667,513</u>
Operating Expenses:	
501 Labor	\$ 15,386,273
502 Fringe Benefits	11,544,376
503 Professional Services	2,622,797
504 Materials and Supplies Consumed	4,677,472
505 Utilities	535,910
506 Casualty and Liability	1,010,050
507 Taxes	55,062
508 Purchased Transportation	1,019,540
509 Miscellaneous Expense	507,979
511 Interest Expense	80,266
512 Leases, Rentals, and Purchase-Lease Payments	244,630
517 Debt Service on Equipment/Facilities	1,926,376
	<hr/>
Total Operating Expenses	<u>39,610,731</u>
Less: Ineligible Operating Expenses:	
Expenses Related to the Non-Transportation Areas of Illinois Terminal	(63,879)
Other Miscellaneous Expenses of 1101 East University	(6,641)
Professional Services Not Related to Transportation Services	(139,358)
APTA and IPTA Dues	(5,250)
	<hr/>
Total Ineligible Operating Expenses	<u>(215,128)</u>
Total Eligible Operating Expenses	<u>\$ 39,395,603</u>
Total Eligible Operating Expenses	\$ 39,395,603
Total Operating Revenues	8,667,513
Deficit	<u>\$ 30,728,090</u>
Sixty-Five Percent of Eligible Operating Expenses	<u>\$ 25,607,142</u>
Maximum Contract Amount	<u>\$ 36,388,625</u>
Eligible Downstate Operating Assistance (Deficit or Sixty-Five Percent of Eligible Expense or Maximum Contract Amount, Whichever is Less)	\$ 25,607,142
Less - Fiscal Year 2019 Downstate Operating Assistance Received Through June 30, 2019	19,215,079
Less - Fiscal Year 2019 Downstate Operating Assistance Received Subsequent to June 30, 2019	<u>7,215,731</u>
Fiscal Year 2019 Downstate Operating Assistance (Over) Under Paid	<u>\$ (823,668)</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Prior Audit Findings –  
Downstate Operating Assistance Grant OP-19-01-IL  
For the Year Ended June 30, 2019

No findings noted in the prior year.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Auditor Assurances Applicable to  
Downstate Operating Assistance Grant OP-19-01-IL  
For the Year Ended June 30, 2019

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, 2018 to June 30, 2019  
 (Prepared by Champaign-Urbana Mass Transit District)  
 Contract Number DPT # 4967

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$63,782
402	Special Transit Fares	\$55,550
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
411	State Cash Grants	\$366,272
430	Contributed Services	
440	Subsidy From Other Sources	\$27,164
	Total Revenue	\$512,768
	Less: Non- 5311 Operating Revenues	(\$393,436)
	Section 5311 Operating Revenue	\$119,332

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$45,801	\$290,171	\$335,972
502	Fringe Benefits	\$753	\$95,983	\$96,736
503	Services	\$26,411	\$3,865	\$30,276
504.01	Fuel and Oil		\$95,999	\$95,999
504.02	Tires and Tubes		\$16,115	\$16,115
504.99	Other Materials	\$314	\$54,186	\$54,500
505	Utilities	\$4,321		\$4,321
506	Casualty and Liability	\$2,904		\$2,904
507	Taxes			\$0
508	Purchased Transportation			\$0
509	Miscellaneous	\$914	\$2,657	\$3,571
511	Interest Expense			\$0
512	Lease and Rentals		\$26,246	\$26,246
	Other:			
	Total Expenses	\$81,418	\$585,222	\$666,640

Champaign County  
Section 5311 Annual Financial Report  
Operating Period July 1, 2018 to June 30, 2019  
(Prepared by Champaign-Urbana Mass Transit District)  
Contract Number DPT # 4967

	Administrative Expenses	Operating Expenses	Total	
1) Expenses: Per Single Audit	\$81,418	\$585,222	\$666,640	
2) Less: Ineligible Expenses per Single Audit				
3) Net Eligible Expenses ((1)-(2))	\$81,418	\$585,222	\$666,640	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$119,332	\$119,332	
5) Section 5311 Operating Deficit ((3)-(4))		\$465,890		
6) Section 5311 Deficit ((3)-(4))			\$547,308	
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant
				Total
A) Eligible Reimbursement Per Percentages	\$65,135	\$232,944		\$298,079
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))			\$393,437	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$ 366,272
Local Contracts	\$27,164
In-Kind Services, Subsidies, Donations	\$0
<b>TOTAL LOCAL MATCH (Must equal (F))</b>	<b>\$ 393,436</b>
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	\$64,891
FY Local Transit (Local Contracts) Amounts Received	\$110,683
Less expended for Capital \$ 0      Operating \$82,714.31	\$82,714
<b>ENDING CARRY FORWARD (C.F.A.) BALANCE</b>	<b>\$92,859</b>

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-19-26-IL  
 (Prepared by Champaign-Urbana Mass Transit District)  
 For the Year Ended June 30, 2019

## Operating Revenues:

401	Passenger Fares for Transit Services	\$ 63,783
402	Special Transit Fares	55,550
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>27,164</u>
	Total Operating Revenues	<u>\$ 300,368</u>

## Operating Expenses

501	Labor	\$ 335,972
502	Fringe Benefits	96,736
503	Professional Services	30,276
504	Materials & Supplies Consumed	166,614
505	Utilities	4,321
506	Casualty & Liability	2,904
507	Taxes	-
508	Purchased Transportation	-
509	Miscellaneous Expense	3,571
511	Interest Expense	-
512	Leases, Rentals, and Purchase-Lease Payments	<u>26,246</u>
	Total Operating Expenses	666,640

## Ineligible Operating Expenses:

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

Less Total Ineligible Operating Expenses -

Total Eligible Operating Expenses \$ 666,640

Champaign County  
Schedule of Revenues and Expenses  
Under Downstate Operating Assistance Grant OP-19-26-IL  
(Prepared by Champaign-Urbana Mass Transit District)  
For the Year Ended June 30, 2019

Total Eligible Operating Expenses	\$	666,640
Total Operating Revenues		300,368
Deficit	\$	<u>366,272</u>
Sixty-Five Percent of Eligible Operating Expenses	\$	<u>433,316</u>
Maximum Contract Amount	\$	<u>589,692</u>
Eligible Downstate Operating Assistance (Deficit or Sixty-Five Percent of Eligible Expense or Maximum Contract Amount, Whichever is Less)	\$	366,272
Fiscal Year 2019 Downstate Operating Assistance Received Through June 30, 2019		261,087
Fiscal Year 2019 Downstate Operating Assistance Received Subsequent to June 30, 2019		<u>105,185</u>
Fiscal Year 2019 Downstate Operating Assistance (Over) Under Paid	\$	<u><u>-</u></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-19-26-IL  
For the Year Ended June 30, 2019

No findings noted in the prior year.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Auditor Assurances Applicable to  
Downstate Operating Assistance Grant OP-19-26-IL  
For the Year Ended June 30, 2019

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, 2019

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>				
<i>Federal Transit Cluster</i>				
Federal Transit Formula Grants	20.507 *	IL-2018-007-01	\$ 1,814,881	\$ -
<i>Pass Through from the County of Champaign, Illinois</i>				
Formula Grants for Rural Areas	20.509	OP-19-26-FED	153,871	-
<i>Pass Through from Illinois Department of Transportation</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CAP-13-1021-CVP	300,790	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CAP-16-1088-CVP	38,261	-
Program Total			339,051	-
Total Federal Expenditures			\$ 2,307,803	\$ -

\* - Denotes a major program.

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

1. 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 America.
2. The District did not use the 10 percent de minimis indirect cost rate for the year ended June 30, 2019.
3. 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.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**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, 2019

No findings noted in the prior year.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 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  
November 25, 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, 2019. 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



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS



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, 2019.

### **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 Hood LLC*

Champaign, Illinois

November 25, 2019

November 25, 2019

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

We have audited the financial statements of the Champaign-Urbana Mass Transit District (the District) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our email to the Board's Chairperson dated August 9, 2019. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Matters**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during Fiscal Year 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:



- The estimated allowance for uncollectible receivables, which is based on the District's recent collection history for similar receivables.
- The useful lives of capital assets, which are based on past experience with similar capital assets.
- The estimates related to the District's pension liability and other postemployment benefit liability, which are based on actuarial calculations performed by actuaries working directly for the Illinois Municipal Retirement Fund and for the District, respectively.
- The amount of expenses eligible for reimbursement under the District's state and federal operating and capital grants, which is based on all available grant management guidance from the Illinois Department of Transportation, the U.S. Department of Transportation, and the U.S. Office of Management and Budget.

We evaluated the key factors and assumptions used to develop the estimates in determining that the estimated amounts are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 11 related to the District's pension plan. This disclosure was provided to management by the actuary hired by the Illinois Municipal Retirement Fund.
- Note 12 related to the District's other postemployment benefit plan. This disclosure was provided to management by the actuary hired by the District.

Overall, the financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

- Management may choose not to correct certain misstatements due to qualitative and quantitative factors, such as materiality. If applicable, these uncorrected misstatements are summarized on the attached Audit Difference Evaluation Form. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- The attached Adjusting, Reclassifying, and Eliminating Journal Entry Reports, as applicable, summarize adjustments that were made to the financial statements. These entries were either (1) provided by management, or (2) identified during the performance of audit procedures and proposed to, discussed with, and approved by management.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the Management Representation Letter dated November 25, 2019.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

#### *Required Supplementary Information*

We applied certain limited procedures to the required supplementary information (RSI) that supplement the basic financial statements but are not required parts of the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

*Other Information*

We were engaged to report on the information in the supplementary schedules, which accompany the financial statements and which will be presented separate from the financial statement, but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

This information is intended solely for the use of the Board of Trustees and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Martin Hood LLC



Mitchell R. Schluter, CPA