

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT

Urbana, Illinois

**Financial Statements
and Supplementary Information**

For the Years Ended

June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 Schedule 2 is presented for purposes of additional analysis as required by the State of Illinois Grant Accountability and Transparency Act. The accompanying Schedules 3 through 10 are presented for the purpose of additional analysis as required by the Illinois Department of Transportation. Accompanying Schedules 11 through 13, 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 13 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, 2020, 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.

A handwritten signature in black ink that reads "Martin Good LLC". The signature is written in a cursive, flowing style.

Champaign, Illinois
November 25, 2020



Helping our neighbors, friends,
families, and community thrive.



Management's Discussion & Analysis

Champaign-Urbana Mass Transit District

*Financial Audit
June 30, 2020 and 2019*

Champaign-Urbana Mass Transit District
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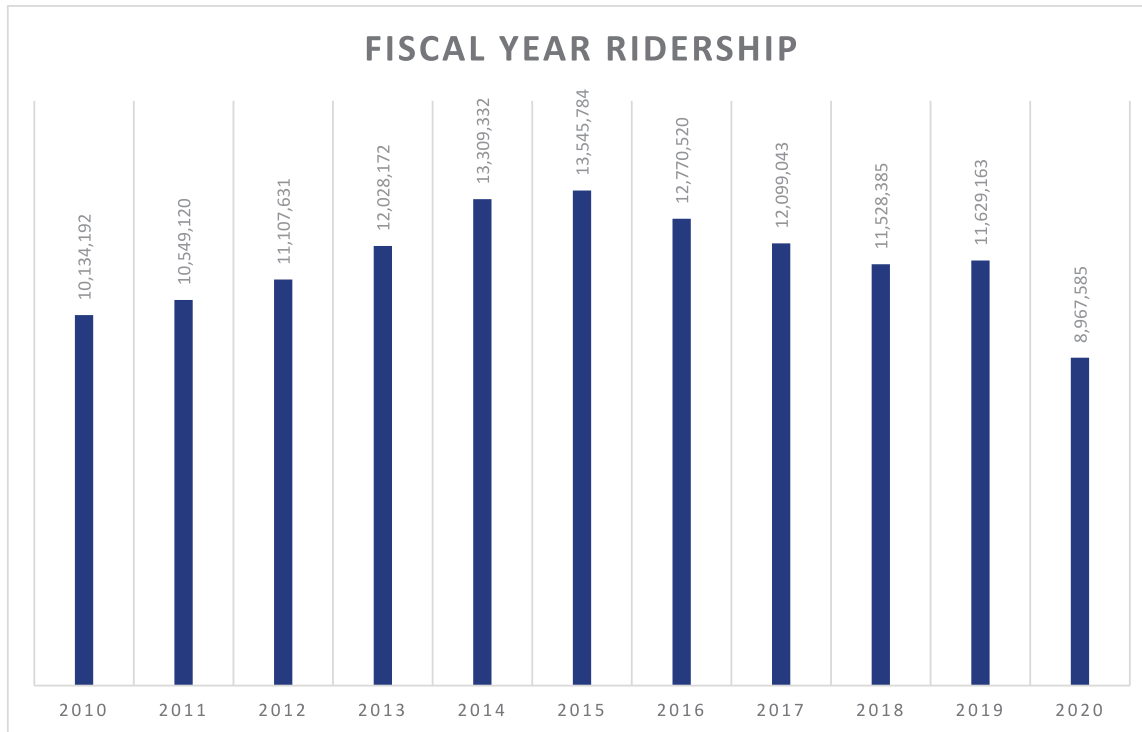


CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2020 and 2019

As management of the Champaign-Urbana Mass Transit District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District's fiscal years ended June 30, 2020 and 2019. You are invited to read this narrative in conjunction with the District's financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$98,982,987 (net position). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations, was a surplus of \$31,692,664 as of June 30, 2020 and a surplus of \$20,643,716 as of June 30, 2019.
- The District's total net position increased \$13,213,545 primarily because five (5) 40-foot hybrid buses and six (6) 60-foot hybrid buses were purchased in fiscal year (FY) 2020.
- The District's property tax and replacement tax revenue increased \$267,900 (3%) in FY2020 from the previous year.
- The COVID-19 pandemic caused a \$504,918 decrease in operating revenue in FY2020 from the previous year due to the suspension of fare enforcement in March 2020 along with a reduction in contract revenue after the closure of the University of Illinois campus. Upon request from the University of Illinois, the District provided a discount to the contracted service for the final four months (March, April, May, and June) of FY2020.
- The District was awarded \$12,144,666 in March 2020 from the federal Coronavirus Aid, Relief, and Economic Security Act (CARES) in response to the pandemic with \$2,784,568 CARES revenue recorded in FY2020.
- Non-operating revenues (expenses) increased by \$10,655,213 in FY2020 from the previous year primarily due to debt service funding from the Illinois Department of Transportation (IDOT) towards the purchase of five (5) 40-foot hybrid buses and six (6) 60-foot hybrid buses and the start of the hydrogen fuel cell project.
 - IDOT debt service funding of the hydrogen fuel cell project will continue in FY2021 for the modification of the maintenance garage, construction of a hydrogen production and fueling station, and the purchase of two (2) hydrogen fuel cell buses.
- The District was awarded a \$17,275,000 million grant from the Federal Transit Administration (FTA) in FY2019. The grant enables the District to move forward with plans to renovate and expand Illinois Terminal, the District's intermodal facility, and partner with a private developer to construct a mixed-use structure for retail, residential, and parking accommodations. Construction could begin in FY2022.



Overview of the Financial Statements

The District's fiscal year ridership was on a steady upward trajectory for fiscal years 2010 through 2015. Fiscal years 2016 through 2018 were challenged by the extensive street closures and extended construction periods caused by the Multimodal Corridor Enhancement (MCORE) Project. Funding for MCORE was provided by federal grant funds as well as the District, the cities of Champaign and Urbana, and the University of Illinois. As some resulting reroutes lifted in FY2019, passengers began enjoying restored access and improved amenities as ridership was again on the rise. Unfortunately, the onset of the COVID-19 pandemic dramatically impacted ridership in the final four months of FY2020.

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 late-night SafeRides service. 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. The direct van service, called West Connect, transports passengers from a fixed boundary in west Champaign to one of two transfer points so passengers may then access fixed-route service. 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 District 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.



The District manages the Champaign-County Area Rural Transit System (C-CARTS) under an intergovernmental agreement with Champaign County. 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. 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. C-CARTS was awarded \$579,840 in March 2020 from the federal Coronavirus Aid, Relief, and Economic Security Act (CARES) in response to the pandemic with \$357,169 CARES revenue recorded in FY2020.

The District focuses on improving mobility in the region, with a particular emphasis on public transportation services. Partnering with city and county planners, state and federal agencies, school districts, the University of Illinois, and other organizations, the District 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.

This discussion and analysis provided are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of the *statement of net position*, *statement of revenues, expenses and changes in net position*, and *statement of cash flows*.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how the District's net position changed during the fiscal year, which is the twelve-month period ending June 30. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The *statement of cash flows* presents the increase or decrease in cash and cash equivalents during the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities of the District.

The *notes to the financial statements* provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's progress in funding its obligations to provide pension and other post-employment benefits (OPEB) to its employees.



Financial Analysis

A summary of the District's Statements of Net Position is presented in Table 1.

Table 1

<u>Net Position (In Millions)</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>
Current and other assets	\$ 52.8	\$ 42.0	\$ 40.6
Capital assets	72.9	65.1	67.2
Deferred outflows of resources	<u>4.6</u>	<u>10.2</u>	<u>3.4</u>
Total assets and deferred outflows	<u>130.3</u>	<u>117.3</u>	<u>111.2</u>
Current and other liabilities	12.5	7.2	9.3
Long-term liabilities	13.5	21.5	9.7
Deferred inflows of resources	<u>5.3</u>	<u>2.8</u>	<u>7.3</u>
Total liabilities and deferred inflows	<u>31.3</u>	<u>31.5</u>	<u>26.3</u>
Net position			
Net investment in capital assets	67.3	65.1	64.1
Restricted by enabling legislation	-	-	.7
Unrestricted	<u>31.7</u>	<u>20.7</u>	<u>20.1</u>
Total net position	<u>\$ 99.0</u>	<u>\$ 85.8</u>	<u>\$ 84.9</u>

Fiscal Year 2020

Current and other assets increased by \$10.8 million from the prior year primarily due to larger receivables for debt service funding from IDOT and CARES funding.

Capital assets in FY2020 were \$ 7.8 million higher than in the prior year due to the purchase of five (5) 40-foot hybrid buses and six (6) 60-foot hybrid buses and the start of the hydrogen fuel cell project.

Deferred outflows of resources decreased by \$5.6 million from FY2019 to FY2020 due to significant improvement in actual pension investment performance favorably impacting funding obligations to provide pension and OPEB benefits to the District's employees.

The balance of the District's revolving line of credit was \$5.6 million as of June 30, 2020, causing a \$5.3 million increase in current and other liabilities from FY2019 to FY2020. No amount was owed on the revolving line of credit as of June 30, 2019.

Long-term liabilities decreased by \$8 million and deferred inflows of resources increased by \$2.5 million from the prior year due to significant improvement in actual pension investment



performance favorably impacting funding obligations to provide pension and OPEB benefits to the District's employees.

Fiscal Year 2019

Current and other assets increased by \$ 1.4 million from the prior year primarily due to larger receivables for property tax caused by a billing delay.

Capital assets in FY2019 were \$ 2.1 million lower than in the prior year. The District invested \$ 2.5 million for leasehold improvements to the Commercial Driver License (CDL) training center at 1207 E. University in FY2018.

Deferred outflows of resources increased by \$6.8 million from FY2018 to FY2019 related to changes in assumptions for funding obligations to provide pension and OPEB benefits to the District's employees and the underperformance of actual pension investments compared to expectations.

The balance of the District's revolving line of credit was \$3.1 million as of June 30, 2018, contributing to a \$2.1 million decrease in current and other liabilities from FY2018 to FY2019. No amount was owed on the revolving line of credit as of June 30, 2019.

Long-term liabilities increased by \$11.8 million and deferred inflows of resources decreased by \$4.5 million due to changes in assumptions for funding obligations to provide pension and OPEB benefits to the District's employees and the underperformance of actual pension investments compared to expectations.

Net Position

The District's overall net position in FY2020 increased by \$13.2 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.



A summary of the District's Statements of Revenues, Expenses, and Changes in Net Position is presented in Table 2.

Table 2

<u>Changes in Net Position (In Millions)</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>
<u>Operating revenues</u>			
Revenues from transportation			
Services	\$ 6.9	\$ 7.4	\$ 7.8
C-CARTS	0.1	0.2	0.2
Other operating revenues	<u>1.0</u>	<u>0.9</u>	<u>1.1</u>
Total operating revenues	<u>8.0</u>	<u>8.5</u>	<u>9.1</u>
<u>Operating expenses</u>			
Operations	24.0	23.0	22.7
Maintenance	7.5	7.1	7.0
General administration and			
Illinois Terminal	6.2	7.5	6.6
C-CARTS	0.8	0.7	0.7
Depreciation	<u>6.6</u>	<u>6.9</u>	<u>6.6</u>
Total operating expenses	<u>45.1</u>	<u>45.2</u>	<u>43.6</u>
<u>Operating loss</u>	<u>(37.1)</u>	<u>(36.7)</u>	<u>(34.5)</u>
<u>Non-Operating Revenues</u>			
Taxes	9.3	9.0	8.7
Assistance Grants - CUMTD	35.5	25.6	26.3
Assistance Grants – C-CARTS	0.7	0.5	0.5
Other Non-Operating Revenues	<u>0.6</u>	<u>0.3</u>	<u>(0.0)</u>
Total non-operating revenues	<u>46.1</u>	<u>35.4</u>	<u>35.5</u>
Income (loss) before capital contributions	9.0	(1.3)	1.0
<u>Capital contributions</u>			
Capital grants	<u>4.2</u>	<u>2.2</u>	<u>1.0</u>
Change in net position	13.2	0.9	2.0
Net position, beginning of year	<u>85.8</u>	<u>84.9</u>	<u>82.9</u>
Net position, end of year	<u>\$ 99.0</u>	<u>\$ 85.8</u>	<u>\$ 84.9</u>



Fiscal Year 2020

Operating revenues and operating expenses had little change from FY2019 to FY2020. Non-operating revenue increased by \$10.7 million from the prior year primarily due to debt service funding from the IDOT towards the purchase of five (5) 40-foot hybrid buses and six (6) 60-foot hybrid buses and the start of the hydrogen fuel cell project.

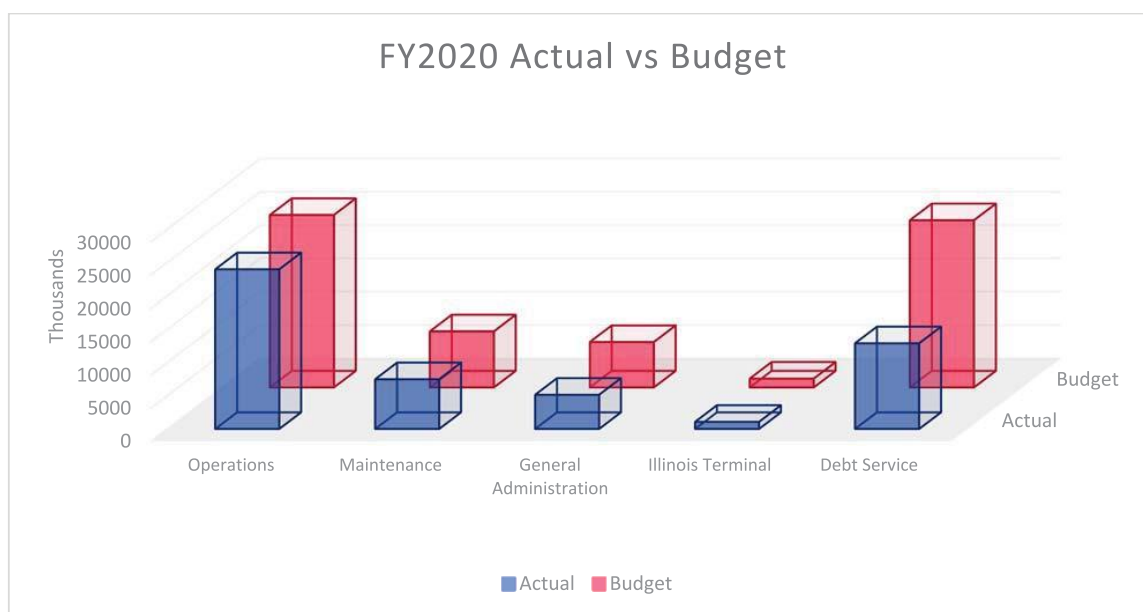
Fiscal Year 2019

Operating revenues, operating expenses, and non-operating revenues (expenses) had little change from FY2018 to FY2019.

Budgetary Highlights

Fiscal Year 2020

The Board of Trustees approved the District's budget for FY2020 on June 26, 2019. The budget included operating expenses of \$67.6 million, excluding depreciation and C-CARTS operating expenses, and including \$25.1 million of debt service.

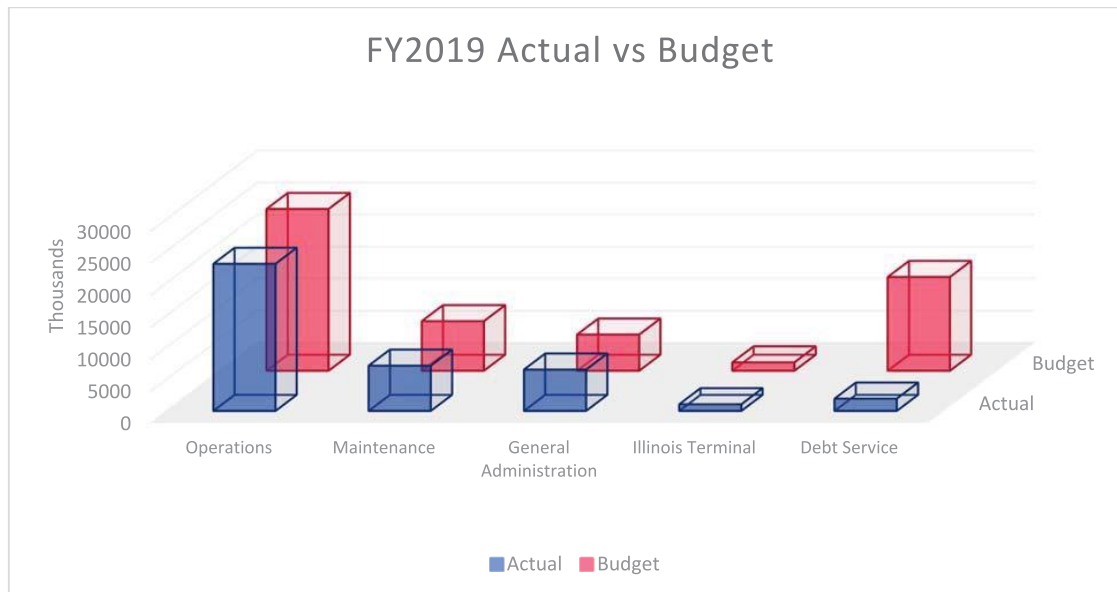


Operating expenses for Operations, Maintenance, General Administration, and Illinois Terminal were all below budget in FY2020.

Debt service of \$13.1 million was under the budget of \$25.1 million due to delayed timing of the hydrogen fuel project. Additional progress is planned for the hydrogen fuel project in FY2021.

Fiscal Year 2019

The Board of Trustees approved the District's budget for FY2019 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.



Operating expenses for Operations, Maintenance, and Illinois Terminal were all below budget in FY2019.

General Administration was over budget in FY2019 due to \$1.3 million in Professional Services for the District's FY2019 contribution to the Multimodal Corridor Enhancement (MCORE) project. The District, in partnership with the City of Champaign, the City of Urbana, and the University of Illinois at Urbana-Champaign (Illinois) secured a \$15.7 million federal Transportation Investment Generating Economic Recovery (TIGER VI) Grant to expand mobility choices and increase access to employers, education, healthcare, and other services along five core transit corridors in the University District. MCORE construction will bring streets to a state of good repair and enhance connections between the cities' downtowns and the Illinois campus. MCORE began in 2017 with completion expected in 2021.

Debt service of \$1.9 million was under the budget of \$14.6 million due to delayed timing of the hydrogen fuel project. Additional progress is planned for the hydrogen fuel project in FY2020 and FY2021.



Capital Assets and Debt Administration

Capital Assets:

A summary of the District's Capital Assets is presented in Table 3.

Table 3

<u>Capital Assets</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>
Land	\$2,297,236	\$2,297,236	\$2,297,236
Construction in Progress	13,373,022	1,338,930	1,142,500
Land Improvements	271,445	279,445	43,028
Office, Garage, and Buildings	47,744,479	47,686,538	47,681,424
Leasehold Improvements	2,640,906	2,640,906	2,514,564
Revenue Vehicles	63,518,237	65,261,120	63,912,643
Service Vehicles	634,986	634,986	573,989
Passenger Shelters	4,163,632	2,958,773	2,876,529
Intangibles	191,582	176,200	-
Other Equipment	<u>6,587,256</u>	<u>5,504,110</u>	<u>5,392,398</u>
	141,422,781	128,778,244	126,434,311
Less: Accumulated Depreciation	<u>68,524,637</u>	<u>63,652,518</u>	<u>59,253,832</u>
Net Capital Assets	<u>\$72,898,144</u>	<u>\$65,125,726</u>	<u>\$67,180,479</u>

The District's investment in capital assets is \$72.9 million (net of accumulated depreciation) as of June 30, 2020, and \$65.1 million (net of accumulated depreciation) as of June 30, 2019. This investment in capital assets includes land, buildings, construction in progress, vehicles, equipment, leasehold improvements, passenger shelters, and intangibles. The total net increase in capital assets for the current fiscal year is 12%.

A summary of the District's Fiscal Year 2020 Major Additions is presented in Table 4.

Table 4

<u>FY2020 Major Additions</u>	
Procurement of 6 Hybrid Buses – 60-foot	\$ 5,874,521
Procurement of 5 Hybrid Buses – 40-foot	3,380,156
Hydrogen Fuel Cell Project	<u>2,137,885</u>
Total	<u>\$ 11,392,562</u>



A summary of the District's Fiscal Year 2020 budget for Locally Funded Capital Projects is presented in Table 5.

Table 5

Architectural & Engineering	\$ 1,500,000
Passenger Shelters, Bus Stops, and Associated Work	300,000
Miscellaneous Facility Improvements	200,000
51 E. Chester Rehabilitation	1,000,000
MCORE - Multimodal Corridor Enhancement	<u>332,000</u>
Total	<u>\$ 3,332,000</u>

The District's FY2020 capital budget called for \$3.3 million in local dollars plus \$25.1 million of State of Illinois debt service funds.

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

A summary of the District's Fiscal Year 2019 Major Additions is presented in Table 6.

Table 6

<u>FY2019 Major Addition</u>	
Procurement of 5 Hybrid Buses – 40-foot	<u>\$ 3,086,223</u>

The District's FY2019 capital budget called for \$1.8 million in local dollars plus \$14.6 million of State of Illinois debt service funds.

A summary of the District's Fiscal Year 2019 budget for Locally Funded Capital Projects is presented in Table 7.

Table 7

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>
Total	<u>\$ 1,800,000</u>

Short-term Debt: At the end of the current fiscal year, the District had total short-term debt outstanding of \$5.6 million compared to \$0 short-term debt outstanding in the prior fiscal year. The increase is due to the timing of debt service funding for the bus purchases near the end of FY2020.

The District maintained two lines of credit with a local bank during FY2020. The first is a \$10 million straight line of credit secured by substantially all the District's assets. The second line of credit is a \$6 million revolving line of credit secured by substantially all the District's assets.



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

The early retirement plan liability increased \$0.1 million during FY2020. Future changes in the liability accrual for the early retirement plan cannot be predicted, as participation is at the discretion of eligible employees. More detailed information about the District's early retirement plan liability is presented in Note 8 to the financial statements.

The pension liability decreased \$8 million during FY2020. Net pension liability recognition began in FY2015 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 OPEB liability increased \$.04 million during FY2020. GASB Statement 75 was adopted effective July 1, 2017 and a cumulative OPEB liability of \$1.5 million was recorded as of that date. No OPEB liabilities had been recorded prior to FY2018 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

- Funding, ridership, and level of service are uncertain due to the economic and social impact of the COVID-19 pandemic.
- The District's total appropriations budget for FY2021 is \$61.8 million. This consists of \$1.6 million in locally funded projected capital expenditures as well as \$60.2 million in projected operating expenses, including \$16.7 million in debt service, excluding depreciation.
- The State of Illinois Operating Assistance budget for FY2021 has been approved. The contract was fully executed on August 27, 2020 for eligible operating expense reimbursement up to \$40 million, including \$17.7 million of debt service.
- The obligations of the State of Illinois to fund the Illinois Downstate Operating Assistance Program were met in FY2020, but concerns remain as the state's tax revenues continue to decline due to the COVID-19 pandemic.
- The District's Federal Section 5307 formula funds apportioned during Federal FY2021 (October 2020 through September 2021) will be based on FY2019 data reported to the National Transit Database (NTD) so that funding is not impacted by reduced service during the COVID-19 pandemic. Federal Section 5307 Formula funds are typically based on the prior year's NTD data.
- The Fixing America's Surface Transportation (FAST) Act, set to expire in October 2020, was extended through Federal FY2021. This extension will fund transit programs at FY2020 FAST Act levels. The District is advocating for long-term Surface Transportation Authorization Legislation upon expiration of the FAST Act in October 2021.
- The Federal government passed a Continuing Resolution (CR) to maintain funding through December 11, 2020, but Congress still needs to pass a full FY2021 budget (or another CR) for the District to receive its Federal Section 5307 appropriation in FY2021.
- The District is advocating for additional COVID-19 pandemic relief funding to be distributed through existing formulas in the same manner as the CARES Act.
- Upon request from the University of Illinois, the District provided another discount to the



contracted service that affects the entirety of FY2021. A discount was provided for July 2020, no discount was given for August, and a discount was provided for the entire Fall 2020 Semester (September through December). The Spring 2021 Semester and second half of FY2021 (January through June) were also renegotiated with another reduction in payments. The District has continually reduced campus service in response to the decreased revenue.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Managing Director or Finance Director, Champaign-Urbana Mass Transit District, 1101 East University Avenue, Urbana, IL 61802.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Statements of Net Position
June 30, 2020 and 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 3,660,681	\$ 3,023,483
Receivables		
Property Tax, Net of Allowance of \$73,656 and \$16,576, Respectively	6,368,355	6,740,823
State Operating Assistance Grant - CUMTD, Net of Grant Payables	11,236,965	7,462,861
Other Grants	4,812,427	-
Other	536,690	581,004
Inventories	1,807,420	1,542,868
Prepaid Expenses	1,648,811	1,338,490
Total Current Assets	<u>30,071,349</u>	<u>20,689,529</u>
Capital Assets		
Land and Construction in Progress, Not Being Depreciated	15,670,258	3,636,166
Other Property and Equipment, Net of Depreciation	57,227,886	61,489,560
Total Capital Assets	<u>72,898,144</u>	<u>65,125,726</u>
Other Assets		
Capital Reserves:		
Cash and Cash Equivalents	19,098,821	15,657,281
Investments	3,657,155	5,655,481
Total Other Assets	<u>22,755,976</u>	<u>21,312,762</u>
Total Assets	<u>125,725,469</u>	<u>107,128,017</u>
Deferred Outflows of Resources		
Deferred Amount Related to Net Pension Liability	4,440,895	10,091,039
Deferred Amount Related to OPEB Liability	192,033	39,627
Total Deferred Outflows of Resources	<u>4,632,928</u>	<u>10,130,666</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 130,358,397</u>	<u>\$ 117,258,683</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current Liabilities		
Accounts Payable	\$ 1,199,032	\$ 2,124,066
Accrued Expenses	4,218,254	3,310,400
Unredeemed Yearly Passes and Tokens	40,827	78,317
Accrued Interest	4,995	5,601
Workers' Compensation Liability	207,764	72,678
Obligations Under Incentive and Early Retirement Plans	349,795	173,317
Notes Payable	5,607,821	-
Other Current Liabilities	898,636	1,406,151
Total Current Liabilities	<u>12,527,124</u>	<u>7,170,530</u>
Long-Term Liabilities		
Net Pension Liability	11,473,061	19,459,759
OPEB Liability	1,677,699	1,640,865
Obligations Under Incentive and Early Retirement Plans, Net of Current	362,823	439,342
Total Long-Term Liabilities	<u>13,513,583</u>	<u>21,539,966</u>
Total Liabilities	<u>26,040,707</u>	<u>28,710,496</u>
Deferred Inflows of Resources		
Deferred Amount Related to Net Pension Liability	5,314,417	2,755,828
Deferred Amount Related to OPEB Liability	20,286	22,917
Total Deferred Inflows of Resources	<u>5,334,703</u>	<u>2,778,745</u>
Net Position		
Net Investment in Capital Assets	67,290,323	65,125,726
Unrestricted	31,692,664	20,643,716
Total Net Position	<u>98,982,987</u>	<u>85,769,442</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 130,358,397</u>	<u>\$ 117,258,683</u>

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Yearly Passes	\$ 5,365,829	\$ 5,686,191
Student Fares and School Bus Service	732,318	706,354
Full Adult Fares	447,607	626,315
Rental of Equipment and Buildings	455,630	492,047
ADA Services	325,135	358,000
Advertising	320,048	230,070
C-CARTS	145,823	174,465
Half-Fare Cab	52,674	72,427
Miscellaneous	125,438	129,551
Total Operating Revenues	<u>7,970,502</u>	<u>8,475,420</u>
Operating Expenses		
Operations	23,957,946	22,979,464
Maintenance	7,489,729	7,095,679
General Administration	5,147,864	6,482,237
Illinois Terminal	1,069,780	1,046,709
C-CARTS	767,739	666,640
Depreciation	6,619,835	6,894,467
Total Operating Expenses	<u>45,052,893</u>	<u>45,165,196</u>
Operating Loss	<u>(37,082,391)</u>	<u>(36,689,776)</u>
Non-Operating Revenues (Expenses)		
Property Taxes	9,075,460	8,824,664
State Replacement Taxes	227,526	210,422
Government Grants and Assistance		
State Operating Assistance - CUMTD	32,526,952	25,607,142
Federal Operating Assistance - CUMTD	2,936,762	-
State Operating Assistance - C-CARTS	204,462	366,272
Federal Operating Assistance - C-CARTS	511,040	153,871
Gain (Loss) on Disposal of Property and Equipment	8,737	(25,754)
Interest Expense	(2,479)	(80,266)
Investment Income	573,342	350,238
Total Non-Operating Revenues	<u>46,061,802</u>	<u>35,406,589</u>
Net Income (Loss) Before Capital Contributions	8,979,411	(1,283,187)
Capital Contributions		
Capital Grants	<u>4,234,134</u>	<u>2,153,932</u>
Change in Net Position	13,213,545	870,745
Net Position, Beginning of Year	<u>85,769,442</u>	<u>84,898,697</u>
Net Position, End of Year	<u>\$ 98,982,987</u>	<u>\$ 85,769,442</u>

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Receipts from Customers	\$ 7,971,815	\$ 8,732,905
Payments to Vendors	(19,444,292)	(17,689,382)
Payments to Employees	(20,004,190)	(18,945,266)
Net Cash Used in Operating Activities	<u>(31,476,667)</u>	<u>(27,901,743)</u>
Cash Flows From Non-Capital and Related Financing Activities		
State Operating Assistance Grants Proceeds Received	28,957,310	25,109,205
Federal Operating Assistance Grant Proceeds Received	2,840,164	153,871
Tax Proceeds Received	9,675,454	6,228,376
Advances on Notes Payable for Non-Capital Purposes	-	512,346
Principal Paid on Notes Payable	-	(562,346)
Net Cash Provided by Non-Capital and Related Financing Activities	<u>41,472,928</u>	<u>31,441,452</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Capital Grants	29,345	1,814,881
Proceeds from the Sale of Property and Equipment	16,737	32,320
Purchases of Property and Equipment	(8,519,017)	(2,632,361)
Payments of Accounts Payable for Capital Asset Additions Prior to Fiscal Year	(18,682)	(136,684)
Principal Advances on Notes Payable	321,235	-
Principal Paid on Notes Payable	(321,235)	(5,199,378)
Interest Paid on Notes Payable	(3,085)	(81,587)
Net Cash Used in Capital and Related Financing Activities	<u>(8,494,702)</u>	<u>(6,202,809)</u>
Cash Flows From Investing Activities		
Proceeds from Sales and Maturities of Investments	1,998,326	2,200,000
Purchase of Investments	-	(2,408,674)
Interest Received	578,853	349,321
Net Cash Provided by Investing Activities	<u>2,577,179</u>	<u>140,647</u>
Increase (Decrease) in Cash and Cash Equivalents	4,078,738	(2,522,453)
Cash and Cash Equivalents - Beginning of Year	18,680,764	21,203,217
Cash and Cash Equivalents - End of Year	<u>\$ 22,759,502</u>	<u>\$ 18,680,764</u>
Presented on the Statement of Net Position as Follows:		
Cash and Cash Equivalents	\$ 3,660,681	\$ 3,023,483
Capital Reserves-Cash and Cash Equivalents	19,098,821	15,657,281
Total	<u>\$ 22,759,502</u>	<u>\$ 18,680,764</u>
Noncash Capital and Related Financing Activities		
Capital Assets Acquired Through Grants	\$ -	\$ 339,051
Capital Assets Acquired Through Accounts Payable	\$ 273,415	\$ 71,395
Capital Assets Related Accounts Payable Converted to Debt	\$ 71,395	\$ 307,702
Capital Assets Acquired Through Debt Issuance	<u>\$ 5,607,821</u>	<u>\$ 1,854,981</u>

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	\$ (37,082,391)	\$ (36,689,776)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	6,619,835	6,894,467
Changes in Assets and Liabilities:		
Other Receivables	38,803	269,344
Inventories	(264,552)	(298,690)
Prepaid Expenses	(310,321)	9,252
Deferred Outflow of Resources Related to Net Pension Liability	5,650,144	(6,681,643)
Deferred Outflow of Resources Related to OPEB Liability	(152,406)	(39,627)
Accounts Payable and Accrued Expenses	(136,827)	1,349,160
Unredeemed Yearly Passes and Tokens	(37,490)	(11,859)
Net Pension Liability	(7,986,698)	11,855,610
OPEB Liability	36,834	77,775
Obligations Under Incentive and Early Retirement Plans	99,959	(61,151)
Other Current Liabilities	(507,515)	(80,922)
Deferred Inflows of Resources Related to Net Pension Liability	2,558,589	(4,491,452)
Deferred Inflows of Resources Related to OPEB Liability	(2,631)	(2,231)
Net Adjustments	5,605,724	8,788,033
Net Cash Used in Operating Activities	\$ (31,476,667)	\$ (27,901,743)

See Accompanying Notes

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Notes to Basic Financial Statements
June 30, 2020 and 2019

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 Governmental 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 2019 tax levy was passed by the Board of Trustees on December 11, 2019. 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, 2020 and 2019 was from the 2019 and 2018 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 \$601,688 and \$1,119,155 for the years ended June 30, 2020 and 2019, respectively, that represent 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, 2019 and 2018, but before the end of the District's reporting periods of June 30, 2020 and 2019, 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 vacation and earned time 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. There was no restricted net position at June 30, 2020.
 - 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, 2020 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, 2020, \$24,936,733 of the District's \$29,229,269 bank balance, which reconciled to a book balance of \$22,759,502 of cash and cash equivalents and \$3,657,155 of investments, was exposed to custodial credit risk. Of the amount exposed, \$24,502,456 was collateralized by securities and an irrevocable letter of credit pledged by the financial institutions, and \$434,277 was uninsured and uncollateralized. The pledged securities are held by a third party, but not in the name of the District.

Investments

Investments include negotiable certificates of deposit with original maturities in excess of three months. Investments are carried at fair value (which for certificates of deposit is essentially cost) and are included in other assets on the statement of net position. As of June 30, 2020 and 2019, the District held \$3,649,619 and \$4,819,514, respectively, in negotiable certificates of deposits. At June 30, 2020 and 2019, the District also held \$7,536 and \$835,967, respectively, 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 not available and are developed using the best information available about the assumptions that market participants would use when pricing an investment.

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

The District has the following fair value measurements as of June 30, 2020 and 2019:

		June 30, 2020		
		Fair Value Measurement		
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Certificates of Deposit				
(Negotiable)	\$ 3,649,619	\$ -	\$ 3,649,619	\$ -
Cash	7,536		Not Applicable	
Total	<u>\$ 3,657,155</u>			
		June 30, 2019		
		Fair Value Measurement		
	Total	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>			

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, 2020 and 2019.

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, 2020, the District held the following investments subject to interest rate risk:

	June 30, 2020	
	Carrying Value	Weighted Average Maturity (Yrs)
Negotiable Certificates of Deposit	<u>\$ 3,649,619</u>	<u>1.17</u>

Custodial Credit Risk – Investments

At June 30, 2020, the District had \$3,149,590 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, 2020 and 2019, 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, 2020 and 2019, the estimated amounts (due to) and due from IDOT, respectively, are as follows:

	2020	2019
Fiscal Year 2020 Grant Agreement	\$ 10,137,362	\$ -
Fiscal Year 2019 Grant Agreement	28,805	6,392,063
Fiscal Year 2018 Grant Agreement	(486,652)	(486,652)
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>\$ 11,236,965</u>	<u>\$ 7,462,861</u>

Subsequent to June 30, 2020, and prior to the date of the Independent Auditor's Report, the District collected \$9,748,264 of the net amount due from IDOT. The timing of the collection of the remaining \$1,488,701 due from IDOT is uncertain, however, the District's management believes these funds will be collected or offset against future amounts due from IDOT. The receivable has been presented as current to reflect IDOT's contractual right to offset the receivable with operating grant payments to be made in Fiscal Year 2021.

Other Receivables

Other receivables consist of the following at June 30, 2020 and 2019:

	2020	2019
Due from Other Governments	\$ 239,988	\$ 213,384
Trade Receivables, Net	155,548	141,127
Employees	25,833	3,919
Replacement Tax	32,443	33,666
Interest Receivable	16,860	22,371
Miscellaneous	66,018	166,537
Total Other Receivables	<u>\$ 536,690</u>	<u>\$ 581,004</u>

5. Inventories

Inventories consist of the following at June 30, 2020 and 2019:

	2020	2019
Materials and Supplies	\$ 1,764,052	\$ 1,464,197
Fuel and Lubricant	43,368	78,671
Total Inventories	<u>\$ 1,807,420</u>	<u>\$ 1,542,868</u>

6. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	June 30, 2019	Additions and Adjustments	Disposals and Adjustments	June 30, 2020
Not Being Depreciated:				
Land	\$ 2,297,236	\$ -	\$ -	\$ 2,297,236
Construction in Progress	1,338,930	14,466,727	2,432,635	13,373,022
Being Depreciated:				
Land Improvements	279,445	-	8,000	271,445
Office, Garage, and Buildings	47,686,538	57,941	-	47,744,479
Leasehold Improvements	2,640,906	-	-	2,640,906
Revenue Vehicles	65,261,120	-	1,742,883	63,518,237
Service Vehicles	634,986	-	-	634,986
Passenger Shelters	2,958,773	1,209,691	4,832	4,163,632
Intangibles	176,200	15,382	-	191,582
Other Equipment	5,504,110	1,083,146	-	6,587,256
Total Cost	128,778,244	16,832,887	4,188,350	141,422,781
Less: Accumulated Depreciation	63,652,518	6,619,835	1,747,716	68,524,637
Property and Equipment, Net	<u>\$65,125,726</u>	<u>\$10,213,052</u>	<u>\$ 2,440,634</u>	<u>\$72,898,144</u>

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	126,434,311	6,075,094	3,731,161	128,778,244
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>

7. Accrued Compensated Absences Liability

The total liability accrued by the District for unpaid compensated absences, included in accrued expenses on the statements of net position, was \$3,547,247 and \$2,898,924 at June 30, 2020 and 2019, respectively.

District employees earn two types of compensated absences: vacation leave and earned time leave. The District adopted a Retirement Health Savings Plan (RHSP). By its adoption, the District amended policies relating to hours of unused vacation 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 earned time hours above 640 hours, earned as of July 1 of each year and not used by September 1 will be deposited into the employee's personal RHSP account and recorded as benefit expense by the District. Salaried employees are eligible for payout of remaining unused earned time at separation from the District. Any operator or maintenance employee 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, 2020 and 2019, the District has recorded an expense of \$308,517 and \$96,979, respectively. The District had a liability of \$712,618 and \$612,659, respectively, related to this plan at June 30, 2020 and 2019. 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, 2020:

Fiscal Year	
2021	\$ 349,795
2022	129,567
2023	103,733
2024	86,473
2025	42,330
Thereafter	720
Total	<u>\$ 712,618</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, 2020 and 2019:

	June 30, 2019	Issued	Retired	June 30, 2020	Due Within One Year
Incentive and Early Retirement Plans	\$ 612,659	\$ 308,517	\$ 208,558	\$ 712,618	\$ 349,795
Accrued Compensated Absences	2,898,924	648,323	-	3,547,247	3,547,247
Net Pension Liability	19,459,759	2,699,251	10,685,949	11,473,061	-
OPEB Liability	1,640,865	178,780	141,946	1,677,699	-
	<u>\$ 24,612,207</u>	<u>\$ 3,834,871</u>	<u>\$ 11,036,453</u>	<u>\$ 17,410,625</u>	<u>\$ 3,897,042</u>

	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>

10. Notes Payable

The District maintained two lines of credit with a local bank during Fiscal Year 2020. 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. The line of credit is secured by substantially all the District's assets. This line of credit matured July 1, 2020 and was renewed through July 1, 2021

bearing interest at a fixed rate of 2.75 percent. 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 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. As of June 30, 2020, there was an outstanding balance of \$5,607,821 on these two lines of credit.

The activity in the District's short-term debt during the years ended June 30, 2020 and 2019 included:

	June 30, 2019	Issued	Retired	June 30, 2020
Lines of Credit	\$ -	\$ 12,903,902	\$ 7,296,081	\$ 5,607,821
	June 30, 2018	Issued	Retired	June 30, 2019
Lines of Credit	\$ 3,086,695	\$ 2,675,029	\$ 5,761,724	\$ -

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.

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, 2019, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	182
Inactive Plan Members Entitled to but not yet Receiving Benefits	144
Active Plan Members	346
Total	<u><u>672</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 2019 and 2018 was 10.73 percent and 11.93 percent, respectively. For calendar years 2019 and 2018, the District

contributed \$2,222,053 and \$1,432,515, 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, 2019. 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, 2019:

- 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 3.35 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 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-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, 2019:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
	<u>100%</u>	

The investment rate of return assumption between the December 31, 2018 and December 31, 2019 measurement dates remained at 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 2.75 percent, and the resulting single discount rate is 7.25 percent.

Changes in the Net Pension Liability

For the fiscal year ended June 30, 2020:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 91,944,096	\$ 72,484,337	\$ 19,459,759
Changes for the year:			
Service Cost	1,908,870	-	1,908,870
Interest on the Total Pension Liability	6,566,765	-	6,566,765
Changes on Benefit Terms	-	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	664,386	-	664,386
Changes of Assumptions	-	-	-
Contributions - Employer	-	2,222,053	(2,222,053)
Contributions - Employees	-	871,363	(871,363)
Net Investment Income	-	13,686,441	(13,686,441)
Difference Between Projected and Actual Investment	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(4,644,927)	(4,644,927)	-
Other (Net Transfer)	-	346,862	(346,862)
Net Changes	4,495,094	12,481,792	(7,986,698)
Balances at December 31, 2019	\$ 96,439,190	\$ 84,966,129	\$ 11,473,061

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

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 2019, 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, 2019 Current Discount 7.25%	1% Higher 8.25%
Net Pension Liability	\$ 23,637,064	\$ 11,473,061	\$ 1,395,509

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

For the year ended June 30, 2020 and 2019, the District recognized pension expense of \$2,699,267 and \$2,949,000, respectively. At June 30, 2020, 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	\$ 1,337,961	\$ 377,795
Changes of Assumptions	1,704,162	1,445,710
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	3,490,912
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	3,042,123	5,314,417
Pension Contributions made subsequent to the Measurement Date	1,398,772	-
Total Deferred Amounts Related to Pensions	\$ 4,440,895	\$ 5,314,417

The \$1,398,772 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 Inflows of Resources
2020	\$ (481,778)
2021	(1,136,492)
2022	644,081
2023	(1,338,781)
2024	40,676
Total	\$ (2,272,294)

Payables to the Pension Plan

At June 30, 2020 and 2019, the District had \$23,569 and \$15,488, 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 former employees who retired prior to February 1, 2020 a \$10,000 life insurance policy for which the District pays premiums for five years after the employee retired or until the policy is paid in full, whichever comes first. Assets are not accumulated in a trust to fund this plan. This plan is closed to employees as of January 31, 2020.

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 a \$10,000 life insurance policy to retirees prior to February 1, 2020, 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, 2020, 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	258
Retired Employees	27
Total Participants covered by OPEB Plan	<u>285</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, for employees who retired prior to February 1, 2020.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2020. The total OPEB liability was determined based on the June 30, 2020 actuarial valuation. The District's total OPEB liability was \$1,677,699 and \$1,640,865 as of June 30, 2020 and 2019, respectively.

Actuarial Assumptions and Other Inputs

The actuarial assumptions used in valuing the OPEB liability for June 30, 2020, include:

Actuarial cost method	Entry Age Normal		
Discount Rate	2.44%		
Salary increases	3.50%		
Monthly Health Plan Premium Costs (Blended)			
<u>Coverage</u>	<u>LCDHP</u>	<u>AETNA HMO</u>	<u>AETNA OAP</u>
Employee Only	\$ 946	\$ 1,136	\$ 1,082
Employee +1	1,816	2,182	2,078
Employee +2 or More	2,345	2,819	2,684
	HEALTH ALLIANCE HMO	HEALTH ALLIANCE OAP	LCHP
Employee Only	1,101	1,153	1,181
Employee +1	2,115	2,215	2,286
Employee +2 or More	2,131	2,861	2,928
Health Care Cost Inflation Rates	<u>Period</u>	<u>Inflation Rate</u>	
	2021	8.0%	
	2022	7.5%	
	2023	7.0%	
	2024	6.5%	
	2025	5.5%	
	2026	5.0%	
	2027 and after	4.5%	

Probabilities of death for participants were according to the RP2014 Base rates with mortality improvements according to MP2019 to 2020.

The Discount Rate was based the 20-year muni index rate as of June 30, 2020. The Discount rate as of July 1, 2019 was 3.50 percent and 2.44 percent at June 30, 2020.

Changes in the Total OPEB Liability

For fiscal year ended June 30, 2020:

	Total OPEB Liability
Balances at July 1, 2019	<u>\$ 1,640,865</u>
Changes for the year:	
Service Cost	100,018
Interest on the Total OPEB Liability	54,946
Changes on Benefit Terms	(147,536)
Differences between Expected and Actual Experience of the Total OPEB Liability	67,025
Changes of Assumptions	104,327
Contributions - Employer	-
Contributions - Employees	-
Net Investment Income	-
Difference Between Projected and Actual Investment	-
Benefit Payments, Including Refunds of Employee Contributions	(141,946)
Other (Net Transfer)	-
Net Changes	<u>36,834</u>
Balances at June 30, 2020	<u><u>\$ 1,677,699</u></u>

For fiscal year ended June 30, 2019:

	Total OPEB Liability
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>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The June 30, 2020 valuation was prepared using a discount rate of 2.44 percent. If the discount rates were one percent lower (1.44 percent) or one percent higher (3.44 percent) than the current discount rate the Total OPEB Liability would be as follows:

	1% Lower 1.44%	June 30, 2020 Current Discount 2.44%	1% Higher 3.44%
Total OPEB Liability	<u>\$ 1,781,003</u>	<u>\$ 1,677,699</u>	<u>\$ 1,578,553</u>

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

The June 30, 2020 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, 2020		
		Current	
	1% Lower 7.0% Decreasing 3.00%	Trend Rates 8.0% Decreasing to 4.0%	1% Higher 9.0% Decreasing to 5%
Total OPEB Liability	\$ 1,518,243	\$ 1,677,699	\$ 1,865,424

OPEB Expense

For the years ended June 30, 2020 and 2019, the District recognized an OPEB expense as follows:

	2020	2019
Service Cost	100,018	96,546
Interest on the Total OPEB Liability	54,946	58,336
Current-Period Benefit Changes	(147,536)	-
Recognition of Outflow (Inflow) of Resources due to Liabilities	16,715	1,997
Total OPEB Expense	\$ 24,143	\$ 156,879

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

At June 30, 2020, 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	\$ 61,268	\$ -
Changes of Assumptions	130,765	(20,286)
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	\$ 192,033	\$ (20,286)

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	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 18,946	\$ (2,231)
2022	18,946	(2,231)
2023	18,946	(2,231)
2024	18,946	(2,231)
2025	18,946	(2,231)
Thereafter	97,303	(9,131)
Total	<u>\$ 192,033</u>	<u>\$ (20,286)</u>

13. Unrestricted Net Position

Unrestricted net position consist of the following at June 30, 2020 and 2019:

	2020	2019
Board Designated for Capital Reserves	\$ 22,755,976	\$ 21,312,762
Undesignated	8,936,688	(669,046)
Total Unrestricted Net Position	<u>\$ 31,692,664</u>	<u>\$ 20,643,716</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 \$49,467,585 and \$28,148,369, respectively, at June 30, 2020.

Future minimum lease receipts under these operating leases are as follows at June 30, 2020:

Fiscal Year	
2021	\$ 426,562
2022	240,348
2023	158,995
2024	97,975
2025	63,168
Thereafter	3,418
Total	<u>\$ 990,466</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, 2020 and 2019 totaled \$482,372 and \$485,823, 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. As of the date of the independent auditor's report, the District has not been notified by IPTRMA of a reasonably possible or probably supplemental payment requirement.

The District is self-insured for worker's compensation and employer's liability claims. Losses and claims are accrued as incurred. At June 30, 2020 and 2019, the District had a claims liability balance of \$207,764 and \$72,678, respectively, for expected additional claims payable. Losses and claims recognized for the years ended June 30, 2020 and 2019 total \$201,503 and \$29,996, respectively. The District purchases insurance coverage for worker's compensation to cover claims in excess of \$500,000 with a statutory aggregate limit for worker'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, 2020 and 2019:

	June 30, 2019	Provision	Payment	June 30, 2020
Self-Insurance Claims Liability	<u>\$ 72,678</u>	<u>\$ 201,503</u>	<u>\$ 66,417</u>	<u>\$ 207,764</u>
	June 30, 2018	Provision	Payment	June 30, 2019
Self-Insurance Claims Liability	<u>\$ 124,678</u>	<u>\$ 29,996</u>	<u>\$ 81,996</u>	<u>\$ 72,678</u>

16. Lease Commitments

The District leases real property, furniture, equipment, and vehicles under various non-cancelable operating leases, expiring at various times between January 2021 and March 2031. Future minimum lease payments under these operating leases are as follows at June 30, 2020:

Fiscal Year	
2021	\$ 386,176
2022	302,518
2023	243,776
2024	102,585
2025	102,244
Thereafter	586,500
Total	<u>\$ 1,723,799</u>

Total rental expense for operating leases for the years ended June 30, 2020 and 2019 was \$314,034 and \$240,432, respectively.

17. Concentration of Revenue

Yearly passes revenue for the years ended June 30, 2020 and 2019 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, 2020 and 2019 was \$5,202,634 and \$5,493,057, respectively, which was 8.93 percent and 11.92 percent, respectively, of the District's revenue. At June 30, 2020 and 2019, amounts due from the University of Illinois were \$11,070 and \$0, respectively.

The revenue recognized related to operating and capital grants from IDOT for the years ended June 30, 2020 and 2019 was \$32,769,463 and \$25,973,412, respectively, which was 56.24 percent and 56.32 percent, respectively, of the District's revenue. At June 30, 2020 and 2019, amounts due from IDOT were \$11,283,880 and \$7,572,592, respectively.

The revenue recognized related to operating and capital grants from the U.S. Department of Transportation (USDOT) for the years ended June 30, 2020 and 2019 was \$7,643,887 and \$2,307,803, respectively, which was 13.12 percent and 5.00 percent, respectively, of the District's revenue. At June 30, 2020 and 2019, amounts due from USDOT were \$4,812,427 and \$0, respectively.

18. Commitments

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

Purpose	Contract Amount	Incurred Through June 30, 2020	Remaining Commitment
MCORE Project	\$ 2,785,442	\$ 2,705,459	\$ 79,983
MCORE Kiosks	1,260,095	1,242,095	18,000
Hydrogen Fuel Cell Project	14,064,027	3,047,079	11,016,948
Operations Analysis	199,521	190,243	9,278
Solar Array	303,295	137,102	166,193
The Yards	335,429	16,101	319,328
Headquarters Renovation	1,053,000	-	1,053,000
Total	<u>\$ 20,000,809</u>	<u>\$ 7,338,079</u>	<u>\$ 12,662,730</u>

19. Contingent Liabilities

Litigation

The District is involved in several worker-compensation claims with current and former employees. As of June 30, 2020 and 2019, the District has recorded a liability of \$207,764 and \$72,678, 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, 2020, the balance of PTA funds held by the District was \$198,116.

Uncertainty

As of June 30, 2020, local, U.S. and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the District as of the date of the Independent Auditor's Report, management believes that a material impact on the District's financial position and results of future operations is reasonably possible.

20. 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 2022. 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.

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)

	2019	2018	2017	2016	2015	2014
Total Pension liability						
Service Cost	\$ 1,908,870	\$ 1,747,032	\$ 1,803,142	\$ 1,924,207	\$ 1,766,692	\$ 1,891,042
Interest on Total Pension Liability	6,566,765	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	664,386	(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 Contributions	(4,644,927)	(4,287,929)	(4,125,702)	(3,660,882)	(3,088,953)	(2,473,784)
Net Change in Total Pension Liability	4,495,094	6,308,463	1,662,296	2,861,832	7,821,798	5,772,531
Total Pension Liability - Beginning	91,944,096	85,635,633	83,973,337	81,111,505	73,289,707	67,517,176
Total Pension Liability - Ending (A)	\$ 96,439,190	\$ 91,944,096	\$ 85,635,633	\$ 83,973,337	\$ 81,111,505	\$ 73,289,707
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,222,053	\$ 1,432,515	\$ 889,323	\$ 4,976,997	\$ 2,650,658	\$ 2,276,611
Contributions - Employees	871,363	835,423	824,278	771,895	789,705	731,426
Net Investment Income	13,686,441	(4,397,393)	12,414,921	4,295,706	4,681,834	3,576,698
Benefit Payments, Including Refunds of Employee Contributions	(4,644,927)	(4,287,929)	(4,125,702)	(3,660,882)	(7,458,442)	(2,473,784)
Other (Net Transfer)	346,862	870,237	(1,601,078)	377,999	(88,943)	(184,996)
Net Change in Plan Fiduciary Net Position	12,481,792	(5,547,147)	8,401,742	6,761,715	574,812	3,925,955
Plan Fiduciary Net Position, Beginning	72,484,337	78,031,484	69,629,742	62,868,027	62,293,215	58,367,260
Plan Fiduciary Net Position, Ending (B)	\$ 84,966,129	\$ 72,484,337	\$ 78,031,484	\$ 69,629,742	\$ 62,868,027	\$ 62,293,215
Net Pension Liability, Ending (A) - (B)	\$ 11,473,061	\$ 19,459,759	\$ 7,604,149	\$ 14,343,595	\$ 18,243,478	\$ 10,996,492
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.10%	78.84%	91.12%	82.92%	77.51%	85.00%
Covered Payroll	\$ 19,329,778	\$ 18,300,000	\$ 17,415,622	\$ 17,047,578	\$ 17,549,000	\$ 16,253,911
Net Pension Liability as a Percentage of Covered Payroll	59.35%	106.34%	43.66%	84.14%	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
2020	\$ 2,074,085	\$ 2,222,053	\$ (147,968)	\$ 19,329,778	11.50%
2019	2,183,190	1,432,515	750,675	18,300,000	7.83%
2018	2,281,446	889,323	1,392,123	17,415,622	5.11%
2017	2,194,023	4,976,997	(2,782,974)	17,047,578	29.19%
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, 2020

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 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 2019 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	24-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.50%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	For non-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 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 adjustment 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.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017, 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)

	2020	2019	2018
Total OPEB liability			
Service Cost	\$ 100,018	\$ 96,546	\$ 96,795
Interest on Total OPEB Liability	54,946	58,336	56,915
Changes in Benefit Terms	(147,536)	-	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	67,025	-	-
Changes of Assumptions	104,327	43,855	(27,379)
Benefit Payments	(141,946)	(120,962)	(112,523)
Net Change in Total OPEB Liability	36,834	77,775	13,808
Total OPEB Liability - Beginning	1,640,865	1,563,090	1,549,282
Total OPEB Liability - Ending	<u>\$ 1,677,699</u>	<u>\$ 1,640,865</u>	<u>\$ 1,563,090</u>
Covered Employee Payroll	<u>\$ 15,415,982</u>	<u>\$ 13,587,275</u>	<u>\$ 14,695,096</u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	10.88%	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, 2020

Measurement Date:

June 30, 2020

Actuarial Cost Method:

Entry age normal

Interest Rate Used to Discount the Liability:

2.44%

Healthcare Inflation Rates:

8.00% in Fiscal Year 2021 decreasing to 4.5% by Fiscal Year 2027 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 MP2019 to 2020

Accumulation of Assets to Fund the Benefits:

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

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedules of Operating Expenses
For the Years Ended June 30, 2020 and 2019

	2020	2019
Operations		
Wages:		
Operators	\$ 9,174,044	\$ 9,205,894
Street Supervisors and Dispatchers	1,624,394	1,130,750
Other Supervisors	1,022,791	675,096
Clerical	267,403	285,784
Reduced/Reassignment	54,649	-
Rotation Board	30,321	-
Meal Delivery	4,811	-
Labor Credit	(38,211)	(46,410)
Total Wages	<u>12,140,202</u>	<u>11,251,114</u>
Fringe Benefits:		
Health and Dental Insurance	2,937,274	2,769,168
Paid Absences	2,749,175	2,392,850
Illinois Municipal Retirement Fund	1,985,310	2,104,793
Social Security Tax	1,045,532	994,898
Workers' Compensation Insurance and Claims	203,740	138,475
Early Retirement Plan	261,069	66,903
Unemployment Insurance	39,012	40,935
Uniform Allowances	37,721	32,557
Other Fringe Benefits	(240,425)	71,780
Total Fringe Benefits	<u>9,018,408</u>	<u>8,612,359</u>
Services:		
ADA	909,527	874,686
Taxi	105,348	144,854
Printing	42,406	34,603
Other Services	97,293	62,317
Total Services	<u>1,154,574</u>	<u>1,116,460</u>
Materials and Supplies Consumed:		
Fuel and Lubrications	1,293,656	1,630,885
Tires and Tubes	134,819	141,567
Small Equipment	137	1,042
Other Materials and Supplies Consumed	23,999	19,335
Total Materials and Supplies Consumed	<u>1,452,611</u>	<u>1,792,829</u>
Miscellaneous:		
Leased Equipment	146,655	139,854
Other	45,496	66,848
Total Miscellaneous	<u>192,151</u>	<u>206,702</u>
Total Operations	<u><u>\$ 23,957,946</u></u>	<u><u>\$ 22,979,464</u></u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedules of Operating Expenses
For the Years Ended June 30, 2020 and 2019

	2020	2019
Maintenance		
Wages:		
Mechanics	\$ 1,187,541	\$ 1,100,851
Cleaners	712,368	693,859
Supervisors and Clerical	958,084	630,386
Total Wages	<u>2,857,993</u>	<u>2,425,096</u>
Fringe Benefits:		
Health and Dental Insurance	671,933	629,027
Paid Absences	503,309	494,173
Illinois Municipal Retirement Fund	401,518	464,046
Social Security Tax	234,174	218,134
Early Retirement Plan	(58,795)	30,076
Uniform and Tools Allowance	29,037	26,862
Workers' Compensation Insurance and Claims	19,889	20,797
Unemployment Insurance	8,243	7,881
Other Fringe Benefits	(49,685)	26,045
Total Fringe Benefits	<u>1,759,623</u>	<u>1,917,041</u>
Services:		
Contract Maintenance	100,230	106,284
Other Services	1,253	235
Total Services	<u>101,483</u>	<u>106,519</u>
Materials and Supplies Consumed:		
Revenue Vehicles Repairs	2,051,388	2,084,421
Buildings and Grounds Repairs	235,340	146,908
Fuel and Lubricants	114,727	101,308
Passenger Shelter Repairs	95,564	82,857
Garage Equipment Repairs	36,551	54,046
Service Supplies	92,906	51,307
Shop Tools	51,995	44,348
Service Vehicles Repairs	13,076	14,288
Other Materials and Supplies Consumed	16,246	10,313
Total Materials and Supplies Consumed	<u>2,707,793</u>	<u>2,589,796</u>
Miscellaneous:		
Leased Equipment	49,466	34,244
Other	13,371	22,983
Total Miscellaneous	<u>62,837</u>	<u>57,227</u>
Total Maintenance	<u>\$ 7,489,729</u>	<u>\$ 7,095,679</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedules of Operating Expenses
For the Years Ended June 30, 2020 and 2019

	2020	2019
General Administration		
Wages:		
Supervisors	\$ 1,094,257	\$ 1,059,401
Clerical	392,690	224,401
Total Wages	<u>1,486,947</u>	<u>1,283,802</u>
Fringe Benefits:		
Illinois Municipal Retirement Fund	215,887	284,537
Health and Dental Insurance	369,079	272,672
Social Security Tax	157,658	78,966
Workers' Compensation Insurance and Claims	20,181	5,425
Unemployment Insurance	3,521	3,916
Early Retirement Plan	48,484	-
Paid Absences	534	-
Other Fringe Benefits	2,320	103,292
Total Fringe Benefits	<u>817,664</u>	<u>748,808</u>
Services:		
Professional and Technical	188,412	1,708,820
Contract Maintenance	503,373	554,334
Temporary Help	-	67,674
Printing	4,407	2,963
Other Services	90,235	54,493
Total Services	<u>786,427</u>	<u>2,388,284</u>
Materials and Supplies Consumed:		
Small Equipment	10,762	9,270
Office Supplies	1,426	7,468
Total Materials and Supplies Consumed	<u>12,188</u>	<u>16,738</u>
Casualty and Liability Costs:		
Uninsured Public Liability	435,642	516,813
Public Liability and Property Damage Insurance	527,854	441,605
Physical Damage Insurance	28,730	49,153
Insurance and Property Damage Recoveries	(28,797)	(30,770)
Other Insurance	30,731	33,249
Total Casualty and Liability Costs	<u>994,160</u>	<u>1,010,050</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedules of Operating Expenses
For the Years Ended June 30, 2020 and 2019

	2020	2019
General Administration Continued		
Miscellaneous:		
Utilities	419,292	406,900
Advertising	99,180	160,027
Dues and Subscriptions	96,043	83,189
Travel and Meetings	109,773	81,132
Leased Equipment	82,541	48,580
Other	243,649	254,727
Total Miscellaneous	1,050,478	1,034,555
Total General Administration	<u>\$ 5,147,864</u>	<u>\$ 6,482,237</u>
Illinois Terminal		
Wages:		
Security	\$ 171,395	\$ 158,063
Clerical	117,995	113,350
Cleaners	97,990	94,441
Supervisors	91,192	60,407
Total Wages	478,572	426,261
Fringe Benefits:		
Health and Dental Insurance	151,860	149,409
Illinois Municipal Retirement Fund	60,882	68,679
Social Security Tax	35,605	43,839
Paid Absences	31,335	40,864
Uniform and Tool Allowances	2,083	2,539
Workers' Compensation Insurance and Claims	4,379	(42,595)
Other Fringe Benefits	(6,752)	3,433
Total Fringe Benefits	279,392	266,168
Services:		
Contract Maintenance	26,488	27,652
Professional Services	-	964
Other Services	4,216	2,458
Total Services	30,704	31,074

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedules of Operating Expenses
For the Years Ended June 30, 2020 and 2019

	2020	2019
Illinois Terminal Continued		
Materials and Supplies Consumed:		
Buildings and Grounds Repairs	109,638	115,276
Shop Tools	3,185	24,174
Services Supplies	27,083	23,514
Other Materials and Supplies Consumed	1,606	5,656
Total Materials and Supplies Consumed	<u>141,512</u>	<u>168,620</u>
Miscellaneous:		
Utilities	124,043	129,010
Other	15,557	25,576
Total Miscellaneous	<u>139,600</u>	<u>154,586</u>
Total Illinois Terminal	<u><u>\$ 1,069,780</u></u>	<u><u>\$ 1,046,709</u></u>
C-CARTS		
Wages:		
Operators	\$ 287,564	\$ 281,639
Supervisors	19,890	35,602
Clerical	15,189	10,199
Training	15,824	8,531
Rotation Board	1,645	-
Reduced/Reassignment	1,432	-
Total Wages	<u>341,544</u>	<u>335,971</u>
Fringe Benefits:		
Illinois Municipal Retirement Fund	35,670	26,945
Social Security Tax	26,769	26,285
Health and Dental Insurance	24,571	23,643
Paid Absences	39,296	14,923
Unemployment Allowance	3,696	2,775
Uniform and Tool Allowances	894	676
Workers' Compensation Insurance and Claims	51,179	498
Other Fringe Benefits	3,892	992
Total Fringe Benefits	<u>185,967</u>	<u>96,737</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedules of Operating Expenses
For the Years Ended June 30, 2020 and 2019

	2020	2019
C-CARTS Continued		
Services:		
Professional Services	20,224	26,411
Contractual Maintenance	4,350	3,615
Printing	446	275
Other Services	8,921	(25)
Total Services	<u>33,941</u>	<u>30,276</u>
Materials and Supplies Consumed:		
Fuel and Lubricants	79,019	95,999
Repairs and Maintenance	65,668	53,745
Tires and Tubes	11,368	16,115
Office Supplies	1,115	678
Buildings and Grounds Repairs	-	77
Small Tools and Equipment	(1,727)	-
Total Materials and Supplies Consumed	<u>155,443</u>	<u>166,614</u>
Miscellaneous:		
Leased Equipment	26,352	26,246
Utilities	4,321	4,321
Other	1,033	3,571
Total Miscellaneous	<u>31,706</u>	<u>34,138</u>
Casualty and Liability Costs:		
Public Liability and Property Damage Insurance	1,361	2,904
Uninsured Public Liability	17,777	-
Total Casualty and Liability Costs	<u>19,138</u>	<u>2,904</u>
Total C-CARTS	<u><u>\$ 767,739</u></u>	<u><u>\$ 666,640</u></u>
Depreciation		
Revenue Vehicles, Fareboxes, and Radios	\$ 4,554,993	\$ 4,746,138
Office and Garage Facilities	1,681,133	1,733,244
Office and Garage Equipment	65,656	58,138
Service Vehicles	91,304	73,033
Other Equipment	226,749	283,914
Total Depreciation	<u><u>\$ 6,619,835</u></u>	<u><u>\$ 6,894,467</u></u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
 Illinois Grant Accountability and Transparency - Consolidated Year-End Financial Report
 For the Year Ended June 30, 2020

CSFA Number	Program Name	State Funding	Federal Funding	Other Funding	Total
494-80-0338	Transit 5311 Formula Grants for Rural Areas	\$ 204,462	\$ 153,871	\$ 52,237	\$ 410,570
494-80-2410	CARES Act Section 5311	-	357,169	-	357,169
494-80-1136	Transit Statewide/Non- Metropolitan Transportation Planning - Federal Sec 5305(e)	38,049	152,194	-	190,243
494-80-1141	Transit Downstate Operating Assistance Program	32,526,952	-	17,514,513	50,041,465
	Other Grant Programs and Activities	-	6,980,653	-	6,980,653
	All Other Costs Not Allocated	-	-	550,248	550,248
Total		<u>\$ 32,769,463</u>	<u>\$ 7,643,887</u>	<u>\$ 18,116,998</u>	<u>\$ 58,530,348</u>

Reconciliation of Audited Expenses to GATA CYEFR Expenses

Audited Operating Expenses	\$ 45,052,893
Less: Depreciation	(6,619,835)
Plus: Interest Expense	2,479
Plus: Direct Federal Capital	6,980,653
Plus: Debt Service on State Operating Grant	13,114,158
GATA CYEFR Expenses	<u>\$ 58,530,348</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedule of Revenues and Expenses
Under Downstate Operating Assistance Grant OP-20-45-IL
For the Year Ended June 30, 2020

Operating Revenues:	
401 Passenger Fares for Transit Services	\$ 1,429,122
402 Special Transit Fares	5,494,441
403 School Bus Service	-
406 Auxiliary Revenue	341,809
407 Non-Transportation Revenue	1,068,055
411 State Grants and Reimbursements other than DOAP	-
413 Federal Grants and Reimbursements	2,784,568
	<u>2,784,568</u>
Total Operating Revenues	<u>\$ 11,117,995</u>
Operating Expenses:	
501 Labor	\$ 16,963,714
502 Fringe Benefits	11,875,087
503 Professional Services	1,163,661
504 Materials and Supplies Consumed	4,428,387
505 Utilities	543,335
506 Casualty and Liability	994,160
507 Taxes	57,839
508 Purchased Transportation	909,527
509 Miscellaneous Expense	441,927
511 Interest Expense	2,479
512 Leases, Rentals, and Purchase-Lease Payments	287,682
517 Debt Service on Equipment/Facilities	13,114,158
	<u>13,114,158</u>
Total Operating Expenses	<u>50,781,956</u>
Less: Ineligible Operating Expenses:	
Expenses Related to the Non-Transportation Areas of Illinois Terminal	(15,324)
Other Miscellaneous Expenses of 1101 East University	(53,137)
Professional Services Not Related to Transportation Services	(286,620)
COVID-19 sick bank, rotation pay, and meal delivery wages	(380,160)
APTA and IPTA Dues	(5,250)
	<u>(5,250)</u>
Total Ineligible Operating Expenses	<u>(740,491)</u>
Total Eligible Operating Expenses	<u>\$ 50,041,465</u>
Total Eligible Operating Expenses	\$ 50,041,465
Total Operating Revenues	11,117,995
Deficit	<u>\$ 38,923,470</u>
Sixty-Five Percent of Eligible Operating Expenses	<u>\$ 32,526,952</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)	\$ 32,526,952
Less - Fiscal Year 2020 Downstate Operating Assistance Received Through June 30, 2020	22,389,590
Less - Fiscal Year 2020 Downstate Operating Assistance Received Subsequent to June 30, 2020	9,748,264
Fiscal Year 2020 Downstate Operating Assistance Under Paid	<u>\$ 389,098</u>

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedule of Prior Audit Findings –
Downstate Operating Assistance Grant OP-20-45-IL
For the Year Ended June 30, 2020

No findings noted in the prior year.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedule of Auditor Assurances Applicable to
Downstate Operating Assistance Grant OP-20-45-IL
For the Year Ended June 30, 2020

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, 2019 to June 30, 2020
(Prepared by Champaign-Urbana Mass Transit District)
Contract Number DPT # 5077

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$45,660
402	Special Transit Fares	
405	Charter Service	
406	Auxiliary Transportation	
407	Non-Transportation Revenue	
411	State Cash Grants	\$204,462
430	Contributed Services	
440	Subsidy From Other Sources	\$6,576
	Total Revenue	\$256,698
	Less: Non- 5311 Operating Revenues	(\$211,038)
	Section 5311 Operating Revenue	\$45,660

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$31,198	\$175,438	\$206,636
502	Fringe Benefits	\$726	\$64,439	\$65,165
503	Services	\$17,045	\$3,380	\$20,425
504.01	Fuel and Oil		\$47,588	\$47,588
504.02	Tires and Tubes		\$5,836	\$5,836
504.99	Other Materials	\$627	\$29,402	\$30,029
505	Utilities	\$2,381		\$2,381
506	Casualty and Liability	\$1,600	\$16,000	\$17,600
507	Taxes			\$0
508	Purchased Transportation			\$0
509	Miscellaneous	\$387	\$0	\$387
511	Interest Expense			\$0
512	Lease and Rentals		\$14,523	\$14,523
	Other:			
	Total Expenses	\$53,964	\$356,606	\$410,570

Champaign County
Section 5311 Annual Financial Report
Operating Period July 1, 2019 to June 30, 2020
(Prepared by Champaign-Urbana Mass Transit District)
Contract Number DPT # 5077

	Administrative Expenses	Operating Expenses	Total
1) Expenses: Per Single Audit	\$53,964	\$356,606	\$410,570
2) Less: Ineligible Expenses per Single Audit			
3) Net Eligible Expenses ((1)-(2))	\$53,964	\$356,606	\$410,570
4) Less: Section 5311 Operating Revenues (From Page 1)		\$45,660	\$45,660
5) Section 5311 Operating Deficit ((3)-(4))		\$310,946	
6) Section 5311 Deficit ((3)-(4))			\$364,910
7) Section 5311 Reimbursement %	x 80%	x 50%	
			Grant
			Total
A) Eligible Reimbursement Per Percentages	\$43,171	\$155,473	\$198,644
B) Funding Limits per Contract			\$153,871
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$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))			\$211,039

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$ 204,462
Local Contracts	\$6,576
In-Kind Services, Subsidies, Donations	\$0
TOTAL LOCAL MATCH (Must equal (F))	\$ 211,038
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	\$92,859
FY Local Transit (Local Contracts) Amounts Received	\$111,833
Less expended for Capital \$ 0 Operating \$6,576.	\$6,576
ENDING CARRY FORWARD (C.F.A.) BALANCE	\$198,116

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
 Required Audited Schedule of Revenue and Expenses Under
 The Cares Act Grant IL-2020-034-00
 Operating Period January 20, 2020 to June 30, 2020
 (Prepared by Champaign-Urbana Mass Transit District)
 Contract Number DPT # 5242 (CARES-2410-20409)

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor			\$0
502	Fringe Benefits			\$0
503	Services		\$10,062	\$10,062
504.01	Fuel and Oil			\$0
504.02	Tires and Tubes			\$0
504.99	Other Materials			\$0
505	Utilities			\$0
506	Casualty and Liability		(\$240)	(\$240)
507	Taxes			\$0
508	Purchased Transportation		\$346,853	\$346,853
509	Miscellaneous		\$494	\$494
511	Interest Expense			\$0
512	Lease and Rentals			\$0
	Other:			
	Total Expenses	\$0	\$357,169	\$357,169

Champaign County
Required Audited Schedule of Revenue and Expenses Under
The Cares Act Grant IL-2020-034-00
Operating Period January 20, 2020 to June 30, 2020
(Prepared by Champaign-Urbana Mass Transit District)
Contract Number DPT # 5242 (CARES-2410-20409)

	Administrative Expenses	Operating Expenses	Total
1) Expenses: Per Single Audit	\$0	\$357,169	\$357,169
2) Less: Ineligible Expenses per Single Audit	\$0	\$0	\$0
3) Net Eligible Expenses ((1)-(2))	\$0	\$357,169	\$357,169
4) Less: Section 5311 Operating Revenues (From Page 1)		\$0	\$0
5) Section 5311 Operating Deficit ((3)-(4))		\$357,169	
6) Section 5311 Deficit ((3)-(4))			\$357,169
7) Section 5311 Reimbursement %	x 0%	x 100%	
			Grant
			Total
A) Eligible Reimbursement Per Percentages	\$0	\$357,169	\$357,169
B) Funding Limits per Contract			\$579,840
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$357,169
D) Less: IDOT Payments- Section 5311 Reimbursement to Grantee			\$0
E) Amount (Over) Under Paid ((C)-(D))			\$357,169.00
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$0

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$ -
Local Contracts	-
In-Kind Services, Subsidies, Donations	-
TOTAL LOCAL MATCH (Must equal (F))	\$ -
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	\$ -
FY Local Transit (Local Contracts) Amounts Received	-
Less expended for Capital \$ 0 Operating \$0	-
ENDING CARRY FORWARD (C.F.A.) BALANCE	\$ -

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

DPIT OP-ASRE-CARES

Champaign County
Schedule of Revenues and Expenses
Under Downstate Operating Assistance Grant OP-20-05-IL
(Prepared by Champaign-Urbana Mass Transit District)
For the Year Ended June 30, 2020

Operating Revenues:

401	Passenger Fares for Transit Services	\$ 45,661
402	Special Transit Fares	-
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>6,576</u>
	Total Operating Revenues	<u><u>\$ 206,108</u></u>

Operating Expenses

501	Labor	\$ 206,636
502	Fringe Benefits	65,165
503	Professional Services	20,425
504	Materials & Supplies Consumed	83,453
505	Utilities	2,381
506	Casualty & Liability	17,600
507	Taxes	-
508	Purchased Transportation	-
509	Miscellaneous Expense	387
511	Interest Expense	-
512	Leases, Rentals, and Purchase-Lease Payments	<u>14,523</u>

Total Operating Expenses 410,570

Ineligible Operating Expenses:

Other: _____

Less Total Ineligible Operating Expenses -

Total Eligible Operating Expenses \$ 410,570

Champaign County
Schedule of Revenues and Expenses
Under Downstate Operating Assistance Grant OP-20-05-IL
(Prepared by Champaign-Urbana Mass Transit District)
For the Year Ended June 30, 2020

Total Eligible Operating Expenses	\$ 410,570
Total Operating Revenues	<u>206,108</u>
Deficit	<u><u>\$ 204,462</u></u>
 Sixty-Five Percent of Eligible Operating Expenses	 <u><u>\$ 266,871</u></u>
 Maximum Contract Amount	 <u><u>\$ 655,995</u></u>
 Eligible Downstate Operating Assistance (Deficit or Sixty-Five Percent of Eligible Expense or Maximum Contract Amount, Whichever is Less)	 \$ 204,462
Fiscal Year 2020 Downstate Operating Assistance Received Through June 30, 2020	166,250
Fiscal Year 2020 Downstate Operating Assistance Received Subsequent to June 30, 2020	<u>38,212</u>
Fiscal Year 2020 Downstate Operating Assistance 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-20-05-IL
For the Year Ended June 30, 2020

No findings noted in the prior year.

CHAMPAIGN-URBANA MASS TRANSIT DISTRICT
Schedule of Auditor Assurances Applicable to
Downstate Operating Assistance Grant OP-20-05-IL
For the Year Ended June 30, 2020

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, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Awards Expended	Total Provided to Subrecipients
U.S. Department of Transportation -				
<i>Direct Awards:</i>				
<i>Federal Transit Cluster</i>				
Urbanized Area Formula Grants	20.507	* IL-2020-002-00	\$ 3,239,133	\$ -
COVID-19 Urbanized Area Formula Grants	20.507	* IL-2020-023-00	2,784,568	-
Urbanized Area Formula Grants	20.507	* IL-2019-007-00	122,672	-
Total Urbanized Area Formula Grants			6,146,373	-
Low or No Emission Competitive Grants	20.526	* IL-2019-007-00	834,280	-
Program Total			6,980,653	-
<i>Pass Through from the County of Champaign, Illinois</i>				
Formula Grants for Rural Areas	20.509	* IL-20-26-FED	153,871	-
COVID-19 Formula Grants for Rural Areas	20.509	* IL-2020-034-00	357,169	-
Program Total			511,040	-
<i>Pass Through from Illinois Department of Transportation</i>				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	IL-80-0010-00	152,194	-
Total Federal Expenditures			\$ 7,643,887	\$ -

* - 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, 2020.
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, 2020

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
 - CFDA #20.526
 - Formula Grants for Rural Areas
 - CFDA #20.509
- (viii) The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- (ix) Champaign-Urbana Mass Transit District does 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, 2020

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, 2020, 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, 2020.

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) as a basis for designing 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.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

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 financial statements. 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.

A handwritten signature in black ink that reads "Martin Hood LLC". The signature is written in a cursive, flowing style.

Champaign, Illinois
November 25, 2020

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 programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (Schedule 12).

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 programs 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 each 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 each of its major federal programs for the year ended June 30, 2020.

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, 2020

November 25, 2020

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, 2020. 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 3, 2020. 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 2020. 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:



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

- 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, 2020.

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 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

A handwritten signature in black ink, appearing to read "Mitchell R. Schluter", written in a cursive style.

Mitchell R. Schluter, CPA