

ROCKFORD MASS TRANSIT DISTRICT

A Component Unit of the City of Rockford, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2020 and 2019

ROCKFORD MASS TRANSIT DISTRICT

A Component Unit of the City of Rockford, Illinois

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Rockford Mass Transit District
Rockford, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Rockford Mass Transit District (the District), a component unit of the City of Rockford, Illinois, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the District'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 District'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 financial position of Rockford Mass Transit District as of June 30, 2020 and 2019, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplemental information 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 will issue our report 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.



Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Madison, Wisconsin
December 21, 2020

Rockford Mass Transit District (RMTD)
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020 and 2019
Unaudited

This section of the Rockford Mass Transit District's (RMTD) annual financial report presents a discussion and analysis of RMTD's financial performance during the fiscal year that ended June 30, 2020. Please read this section in conjunction with the transmittal letter at the front of this report and RMTD's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- Total operating revenues for fiscal year 2020, at \$1,370,847, was 24.27% lower than the comparable fiscal year 2019 total operating revenues of \$1,810,209. *Fixed Route passenger service* for fiscal year 2020, at 1,269,376 was 16.45% lower than the comparable fiscal year 2019 fixed route passenger service of 1,519,254. Paratransit passenger service for fiscal year 2020, at 114,816 was 10.80% lower than the comparable fiscal year 2019 paratransit passenger service of 128,724.
- Total operation and maintenance expenses for fiscal year 2020, at \$9,863,877, was 39.75% lower than the comparable total operation and maintenance expenses for fiscal year 2019 of \$16,372,579.
- Total operating subsidies for fiscal year 2020, at \$16,183,672, was 7.83% higher than the comparable total operating subsidies for fiscal year 2019 of \$15,008,679.
- Total net position for fiscal year 2020 at \$25,776,921, was 61.96% higher than the comparable total net assets for fiscal year 2019 of \$15,915,253.
- Total noncurrent assets comprised of capital assets (net of depreciation) for fiscal year 2020, at \$26,540,179, was 8.23% higher than the comparable total noncurrent assets for fiscal year 2019 of \$24,522,437.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of six parts: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, other supplemental information, the Illinois Department of Transportation and reports on federal awards.

The financial statements provide both short-term and long-term information about RMTD's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

RMTD's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of RMTD are included in the Statements of Net Assets.

FINANCIAL ANALYSIS OF THE RMTD

Statement of Net Position

RMTD's total net position on June 30, 2020 totaled \$25,776,921, a 61.96% increase from the June 30, 2019 total net position that totaled \$15,915,253. (See Table A-1.) Total assets & deferred outflow of resources increased 10.0530% to \$41,367,868 and total liabilities decreased 30.64% to \$14,743,398. The annual review by the Actuarial regarding the estimated liability of Post-Employment Benefits Obligations reduced the estimated liability by \$8,117,723. This reduction reduced to Total Operating Expenses to \$11,763,092 compared to \$18,396,275 in fiscal year ending June 30, 2019.

Table A-1
Rockford Mass Transit's Total Net Position
(in thousands of dollars)

	2020	2019	2020-2019% % Change	2018
Current assets	\$ 12,664.0	\$ 10,549.4	20.04%	\$ 9,643.4
Non-current assets	26,540.2	24,522.4	8.23%	19,752.8
Pension deferred outflows	2,163.7	2,516.6	-14.02%	2,535.0
Total Assets	\$ 41,367.9	\$ 37,588.4	10.05%	\$ 31,931.2
Current liabilities	\$ 5,554.1	\$ 3,149.9	76.33%	\$ 2,939.5
Unearned revenues	2,208.4	2,170.7	1.74%	2,009.1
Pension liability	4,421.0	5,259.2	-15.94%	5,779.0
Post-Employment Benefits Obligations	2,559.9	10,677.6	-76.03%	10,602.3
Total Liabilities	14,743.4	21,257.4	-30.64%	21,329.9
Pension deferred inflows of resources	847.5	415.8	103.82%	-
Net assets:				
Inv. in capital assets, net of related debt	24,192.7	24,522.4	-1.34%	19,752.8
Restricted for EBT, Pub Liab & W/C	142.4	1,282.0	-88.89%	72.8
Unrestricted	1,441.9	(9,889.2)	-114.58%	(9,224.3)
Total Net Position	25,777.0	15,915.2	61.96%	10,601.3
Total Liab., Def. Inflows & Net Position	\$ 41,367.9	\$ 37,588.4	10.05%	\$ 31,931.2

The total current assets for fiscal year 2020, at \$12,664,000, increased by 20.04% in comparison to the current assets for fiscal year 2019 of \$10,549,393. The current liabilities for fiscal year 2020, of \$5,554,097, increased by 76.32% in comparison to the current liabilities for fiscal year 2019 of \$3,149,935.

The total current assets for fiscal year 2019, at \$10,549,393, increased by 9.39% in comparison to the current assets for fiscal year 2018 of \$9,643,410. The current liabilities for fiscal year 2019, of \$3,149,935, increased by 7.16% in comparison to the current liabilities for fiscal year 2018 of \$2,939,469.

Capital assets less accumulated depreciation and amortization for fiscal year 2020, at \$26,540,179, increased by 8.23% in comparison to the capital assets less accumulated depreciation and amortization for fiscal year 2019 of \$24,522,437. Depreciation Expense for fiscal year 2020 amounted to \$1,899,215 and the Disposition of Assets was \$1,220,857.

Capital assets less accumulated depreciation and amortization for fiscal year 2019, at \$24,522,437, increased by 24.15% in comparison to the capital assets less accumulated depreciation and amortization for fiscal year 2018 of \$19,752,763. Depreciation Expense for fiscal year 2019 amounted to \$2,023,696 and the Disposition of Assets was \$529,538.

In compliance with GASB 68, a net pension liability of \$4,420,968 was recognized during fiscal year 2020 compared to a net pension liability of \$5,259,158 during fiscal year 2019. In accordance with that compliance, a pension deferred outflow of \$2,163,689 and a pension deferred inflow of \$847,549 were also recognized. The annual contribution to the pension plan was \$1,500,000 for fiscal year 2020.

In compliance with GASB 68, a net pension liability of \$5,259,158 was recognized during fiscal year 2019 compared to a net pension liability of \$5,778,998 during fiscal year 2018. In accordance with that compliance, a pension deferred outflow of \$2,516,611 and a pension deferred inflow of \$415,760 were also recognized. The annual contribution to the pension plan was \$1,500,000 for fiscal year 2019.

In compliance with GASB 75, the other post-employment obligation (liability) for the fiscal year end June 30, 2020 decreased by \$8,117,723, from \$10,677,590 to \$2,559,867.

In compliance with GASB 75, a net other post-employment obligation (liability) of \$10,677,590 was recognized during fiscal year 2019 compared to a net other post-employment obligation (liability) of \$10,602,269 during fiscal year 2018. The amount expensed for fiscal year 2019 amounted to \$75,321. The amount expensed for fiscal year 2018 amounted to \$583,014; additional expense was recorded in fiscal year 2018 for the implementation of GASB 75.

Statement of Revenues, Expenses and Changes in Net Position

The total net position for fiscal year 2020, was \$25,776,921 compared to a net position of \$15,915,253 at the end of fiscal year 2019. (See Table A-2.) RMTD's total operating revenues decreased by 24.27% to \$1,370,847 from \$1,810,209. During a period of time within the fiscal year June 30, 2020, Fixed Route Service was reduced and the elimination of charging for fares was in effect due to COVID-19. The types of services provided by Paratransit were also affected due to COVID-19. The total operating expenses (including depreciation) decreased by 36.06% to \$11,763,092 from \$18,396,275 due to a reduction in the noncurrent liability, Other Post-Employment Benefit to \$2,559,867 from \$10,677,590.

The total net position for fiscal year 2019, was \$15,915,253 compared to a net position of \$10,601,292 at the end of fiscal year 2018. (See Table A-2.) RMTD's total operating revenues increased by 4.13% to \$1,810,209 and total operating expenses (including depreciation) decreased by 8.10% to \$18,395,275.

Table A-2
Rockford Mass Transit's Statement of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	2020	2019	2020-2019 % Change	2018
Operating Revenues:				
Passenger fares	\$ 1,133.9	\$ 1,551.1	-26.90%	\$ 1,550.2
Advertising	126.0	82.8	52.17%	70.0
Other	110.9	176.3	-37.10%	118.2
Total operating revenues	1,370.8	1,810.2	-24.27%	1,738.4
Operating Expenses:				
Operating expenses	9,863.9	16,372.6	-39.75%	17,748.9
Provision for depreciation	1,899.2	2,023.7	-6.15%	2,269.7
Total operating expenses	11,763.1	18,396.3	-36.06%	20,018.6
Operating loss	10,392.3	16,586.1	-37.34%	18,280.2
Total operating subsidies	16,183.7	15,008.7	7.83%	15,138.8
Capital contributions	4,009.8	6,793.4	-40.98%	1,460.7
Investment income & other	60.4	98.0	-38.37%	41.3
Total nonoperating rev. & capital contr.	20,253.9	21,900.1	-7.52%	16,640.8
Change in net position	9,861.6	5,314.0	85.58%	(1,639.4)
Net position, beginning of the year	15,915.3	10,601.3	50.13%	19,019.4
Cumulative effect in accting principle	-	-		(6,778.7)
Net Position - End Of Year	\$ 25,776.9	\$ 15,915.3	61.96%	\$ 10,601.3

Advertising Revenue for fiscal year 2020, at \$125,979, was 52.05% higher than the comparable advertising revenue for fiscal year 2019 of \$82,854.

Advertising Revenue for fiscal year 2019, at \$82,854, was 18.29% higher than the comparable advertising revenue for fiscal year 2018 of \$69,948.

Capital contribution's for fiscal year 2020, at \$4,009,819, was 40.97% lower than the comparable capital contribution for fiscal year 2019 of \$6,793,370. The capital contributions for fiscal year 2020 was primarily the purchase of 5 Gillig hybrid buses.

Capital contribution's for fiscal year 2019, at \$6,793,370, was 365.08% higher than the comparable capital contribution for fiscal year 2018 of \$1,460,691. This was primarily due to the Downtown Transfer Center renovation and expansion.

Investment Income & Other for fiscal year 2020, at \$60,422, was 38.33% lower than the comparable interest income for fiscal year 2019 of \$97,978.

Interest Expense of \$24,575, due to the purchase of the 5 Gillig hybrid buses was offset against investment income for fiscal year 2020.

Investment Income & Other for fiscal year 2019, at \$97,978, was 137.40% higher than the comparable interest income for fiscal year 2018 of \$41,271.

Operating Expenses

Total operating expenses per the schedule of operating schedule for fiscal year 2020, at \$21,400,783, increased by 30.03% in comparison to fiscal year 2019 of \$16,372,579. (See Table A-3 for details by operating function.) Negative expenses related to the change in OPEB actuarial assumptions is excluded from the Operating and Maintenance Expenses table below.

Total expenses for operating subsidy before depreciation, for fiscal year 2019, at \$16,372,579, decreased by 7.75% or \$1,376,281 in comparison to fiscal year 2018 of \$17,748,860. (See Table A-3 for details by operating function.)

Table A-3
Rockford Mass Transit's Operation and Maintenance Expenses
(in thousands of dollars)

	2020	2019	2020-2019 % Change	2018
Operator wages	\$ 3,896.64	\$ 3,977.00	-2.02%	\$ 3,828.47
Other wages	2,907.76	2,726.53	6.65%	2,683.07
Fringe benefits	6,141.71	5,818.26	5.56%	6,065.38
Services	1,106.10	1,082.58	2.17%	929.79
Materials and supplies	2,119.77	1,973.22	7.43%	1,867.92
Utilities	251.55	244.20	3.01%	216.86
Casualty and liability	564.15	386.93	45.80%	569.80
Taxes	8.14	5.90	37.97%	5.35
Purchased transportation	363.19	365.64	-0.67%	349.08
Advertising/promotion media	95.01	106.15	-10.49%	130.63
Miscellaneous	152.25	186.39	-18.32%	193.74
Leases and rentals	8.66	43.79	-80.22%	78.32
Self-insurance trust activity	150.69	(458.58)	-132.86%	707.05
Other	(46.52)	(85.43)	-45.55%	123.40
Debt Service	3,635.16	0.00	100.00%	0.00
Expenses For Operating Subsidy	<u>21,354.26</u>	<u>16,372.58</u>	<u>30.43%</u>	<u>17,748.86</u>
Pension Exp Excess GASB 68	46.52	85.71	-45.72%	(123.40)
Total Operating Cost for Op Sub.	<u>\$ 21,400.78</u>	<u>\$ 16,458.29</u>	<u>30.03%</u>	<u>\$ 17,625.46</u>

Operator wages expenses for fiscal year 2020, at \$3,896,639, were 2.03% lower than the comparable fiscal year 2019 operator wages of \$3,977,295. Paratransit passenger service for fiscal year 2020, at 114,816 was 10.80% lower than the comparable fiscal year 2019 paratransit passenger service of 128,724 and the reduction of fixed route service during the COVID-19 period accounted for the majority of this decrease. Fixed route service total miles for fiscal year 2020 were 1,151,249, compared to 1,216,844 for fiscal year 2019. Fixed route total hours of service for fiscal year 2020 were, 89,070, compared to 94,996 for fiscal year 2019.

Operator wages expenses for fiscal year 2019, at \$3,977,003, were 3.88% higher than the comparable fiscal year 2018 operator wages of \$3,828,475. Paratransit passenger service for fiscal year 2019, at 128,724 was 9.90% higher than the comparable fiscal year 2018 paratransit passenger service of 117,125 accounted for the majority of this increase.

Other wages expenses for fiscal year 2020, at \$2,907,758, were 6.65% higher than the comparable fiscal year 2019 other wages of \$2,726,525 due to additional staff within the maintenance area along with an annual increase to all qualified employees.

Other wages expenses for fiscal year 2019, at \$2,726,525, were 1.62% higher than the comparable fiscal year 2018 other wages of \$2,683,068 due to annual increases within the administrative staff.

Fringe benefits expenses for fiscal year 2020, at \$6,141,708, were 5.56% higher than the comparable fiscal year 2019 fringe benefits of \$5,818,257. Fringe Benefits includes sick, holiday and vacation time for all employees.

Fringe benefits expenses for fiscal year 2019, at \$5,818,257, were 4.07% lower than the comparable fiscal year 2018 fringe benefits of \$6,065,376.

Services expenses for fiscal year 2020, at \$1,106,103, were 2.17% higher than the comparable fiscal year 2019 services of \$1,082,578.

Services expenses for fiscal year 2019, at \$1,082,578, were 16.43% higher than the comparable fiscal year 2018 services of \$929,790 due to website design, security services and contract of services for the completion of capital project(s).

Materials and supplies expenses for fiscal year 2020, at \$2,119,766, were 7.43% higher than the comparable fiscal year 2019 material and supplies of \$1,973,220 primarily due to COVID-19 supplies.

Materials and supplies expenses for fiscal year 2019, at \$1,973,220, were 5.64% higher than the comparable fiscal year 2018 material and supplies of \$1,867,916 primarily due to an increase in bus parts in comparison to fiscal year 2018.

Utilities expenses for fiscal year 2020, at \$251,554, were 3.01% higher than the comparable fiscal year 2019 utilities of \$244,195. Fiscal year 2020 included within utilities expenses for automated vehicle locator (AVL) expenses on all of the fixed route (FR) buses and mobile data terminal (MBT) expenses on located on all of the demand response / paratransit (DR) vehicles. The AVL for FR allows for RMTD and the public to know where the buses in service are within their scheduled route. The MBT for DR allows for instant communication of the scheduled manifest and potential changes with each driver and RMTD staff.

Utilities expenses for fiscal year 2019, at \$244,195, were 12.61% higher than the comparable fiscal year 2018 utilities of \$216,856. As with Fiscal year 2018, included within utilities expenses for fiscal year 2019 were automated vehicle locator (AVL) expenses on all of the fixed route (FR) buses and mobile data terminal (MBT) expenses on located on all of the demand response / paratransit (DR) vehicles. The AVL for FR allows for RMTD and the public to know where the buses in service are within their scheduled route. The MBT for DR allows for instant communication of the scheduled manifest and potential changes with each driver and RMTD staff.

Casualty and liability expenses for fiscal year 2020, at \$564,152, were 45.80% higher than the comparable fiscal year 2019 casualty and liability expenses of \$386,925. Insurance premiums were up 12.01%, or \$39,059, comparable in cost to the previous fiscal year. The amount of self-insured public liability settlements increased significantly compared to fiscal year 2019.

Casualty and liability expenses for fiscal year 2019, at \$386,925, were 32.10% lower than the comparable fiscal year 2018 casualty and liability expenses of \$569,804. While insurance premiums were comparable in cost to the previous fiscal, the number of self-insured public liability settlements lowered the outstanding claims reserves significantly compared to fiscal year 2018.

Purchased transportation expenses of \$363,194 were operating expenses incurred during fiscal year 2020 by the Boone County Council on Aging (BCCA) for providing urbanized demand response transportation services. The expenses incurred for this service were offset by a portion of the Downstate Operating Grant (DOAP) applied for and received by RMTD along with a local match received by RMTD from their region. In Fiscal Year 2019, the purchased transportation expense incurred for BCCA was \$365,641.

Purchased transportation expenses of \$365,641 were operating expenses incurred during fiscal year 2019 by the Boone County Council on Aging (BCCA) for providing urbanized demand response transportation services. The expenses incurred for this service were offset by a portion of the Downstate Operating Grant (DOAP) applied for and received by RMTD along with a local match received by RMTD from their region. In Fiscal Year 2018, the purchased transportation expense incurred for BCCA was \$349,079. Utilization of this service increased due to the reduction of Fixed Route service provided within the City of Belvidere.

Advertising/Promotion media expenses for fiscal year 2020, at \$95,010, were 10.49% lower than the comparable fiscal year 2019 advertising/promotion media of \$106,149. The actual bus wrapping of a bus is now included within the advertising expense budget. Advertising Revenue is thus increased for the charge of the wrapping expense to the advertiser.

Advertising/Promotion media expenses for fiscal year 2019, at \$106,149, were 18.74% lower than the comparable fiscal year 2018 advertising/promotion media of \$130,628. The actual bus wrapping of a bus is now included within the advertising expense budget. Advertising Revenue is thus increased for the charge of the wrapping expense to the advertiser.

Miscellaneous expenses for fiscal year 2020, at \$152,254, were 18.31% lower than the comparable fiscal year 2019 miscellaneous expenses of \$186,391.

Miscellaneous expenses for fiscal year 2019, at \$186,391, were 3.8% lower than the comparable fiscal year 2018 miscellaneous expenses of \$193,749.

While the reduction of the Other post-employment benefits of \$7,948,274 reduced the expenses for operating subsidy, the amount was added back into expenses to calculate the total operating expenses for schedule of operating subsidy.

Debt service of \$3,635,155 was for the purchase of 5 Gillig hybrid fixed route buses during fiscal year ending June 30, 2020.

CAPITAL ASSET AND CAPITAL PROJECTS

Capital Assets

The total net capital assets (net of depreciation) for fiscal year 2020, at \$26,540,179, was 8.23% higher than the comparable total net capital assets (net of depreciation) for fiscal year 2019 of \$24,522,437. The increase was primarily due to the purchase of 5 Gillig hybrid fixed route buses. (See table A-4 for details)

Table A-4
Rockford Mass Transit's Capital Assets
(in thousands of dollars)

	2020	2019	2020-2019 % Change	2018
Land	\$ 2,894.5	\$ 2,894.5	0.00%	\$ 2,894.5
Construction Work In Process	-	-	-	1,593.4
Transit Plant In Service	48,260.2	45,564.1	5.92%	37,706.9
Total Gross Capital Assets	\$ 51,154.7	\$ 48,458.6	5.56%	\$ 42,194.8
Less accumulated depreciation	24,614.5	23,936.2	2.83%	22,442.0
Total Net Capital Assets	<u>\$ 26,540.2</u>	<u>\$ 24,522.4</u>	<u>8.23%</u>	<u>\$ 19,752.8</u>

Capital Projects

The following is a current list, along with a brief description, of the major capital projects that are on RMTD's project agenda:

Procurement of Vehicles – During Fiscal Year ending June 30, 2020, RMTD purchased 5 - Hybrid Electric buses at \$722,116 each for a total of \$3,610,580.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ending June 30, 2021, the operational budget was submitted to and approved by the Board of Trustees. The total operating expense (excluding depreciation), for the aforementioned timeframe, is projected to be \$25,015,283 compared to \$18,542,202. This included \$3,782,879 of debt service for the purchase of additional fixed route buses, \$1,350,000 for battery lease and rental for potential electric buses and \$417,000 of additional professional services.

The fiscal year 2021 operational budget includes projected expenditures of \$13,917,754 for fixed route services and \$5,037,370 for paratransit services which includes providing demand response service into the Stateline Mass Transit District (SMTD) area per a contractual relationship with that district. Service to the Stateline Mass Transit District began in February of 2008 and provides demand response service to the South Beloit, Rockton and Roscoe residents with connectivity into the Rockford region. Urban transportation projected expenditures for service to Belvidere & Boone County is budgeted at \$492,280. Fixed routes services were expanded to include the City of Belvidere beginning in October of 2011.

Total operating revenues for the fiscal year ending June 30, 2021 are projected to be \$1,973,296 of which included \$140,000 projected for advertising revenue, \$95,000 for investment income and \$150,614 for non-transportation revenue. Fixed route passenger service is projected at \$986,849 and paratransit service revenue was projected at \$519,600. STMD farebox revenue is projected at \$45,900. BCCA farebox revenue is projected to be \$35,333. The last fare increase was implemented and became effective May 1, 2009.

Total operating assistance, excluding capital contributions, for the fiscal year ending June 30, 2021 are projected to be \$23,041,987. The majority of the non-operating revenues are subsidies from the State of Illinois, preventive maintenance and local matching funds. The State of Illinois subsidy is budgeted to be 65% of eligible expenses.

Note: COVID-19 has disrupted service, increased expenses and reduced local matching funds including fare collection during fiscal year ending June 30, 2020 and into fiscal year June 30, 2021. This will cause and immense change to the information supplied above in comparing budgeted activity compare to actual activity. As an offset to the COVID-19 pandemic, the Rockford Mass Transit has received a CARES grant of \$9,317,070.

It is RMTD's goal to maximize the services that can be provided by RMTD in the most economic and efficient manner without compromising the needs of the current RMTD clients. It is further anticipated that if service can become more efficient, then more people will begin to utilize the RMTD service, for their transportation needs. The changes within our economy and the increased interest in our services from communities to the north and east will be will be some of the challenges that RMTD will face during the new fiscal year. Thanks to the leadership and guidance of the Board of Trustees and management, the staff of RMTD is prepared and ready to meet these foreseeable challenges.

CONTACTING THE RMTD'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of RMTD's finances and to demonstrate RMTD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Rockford Mass Transit District, 520 Mulberry Street, Rockford, IL 61101.

ROCKFORD MASS TRANSIT DISTRICT

STATEMENTS OF NET POSITION As of June 30, 2020 and 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and investments	\$ 3,863,496	\$ 2,753,261
Cash and investments designated for OPEB	3,858,919	3,834,628
Cash and investments restricted for public liability, employee health insurance, and workers compensation claims	995,823	1,957,676
Grant Receivables		
Federal Transit Administration, operating grants	-	1,659
Federal Transit Administration, capital grants	118,899	388,393
State of Illinois capital grant	2,628,556	976,691
Other receivables	673,849	122,763
Supplies inventory	404,116	384,248
Prepaid expenses	120,342	130,074
Total Current Assets	<u>12,664,000</u>	<u>10,549,393</u>
NONCURRENT ASSETS		
Capital Assets		
Land	1,969,934	1,969,934
Land improvements	924,521	924,521
Transit capital assets in service	48,260,215	45,564,115
Accumulated depreciation	<u>(24,614,491)</u>	<u>(23,936,133)</u>
Total Noncurrent Assets	<u>26,540,179</u>	<u>24,522,437</u>
 Total Assets	 <u>39,204,179</u>	 <u>35,071,830</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Pension deferred outflows of resources	<u>2,163,689</u>	<u>2,516,611</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>41,367,868</u>	 <u>37,588,441</u>

LIABILITIES		
	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable	\$ 539,728	\$ 1,357,133
Accrued wages, compensated absences, and benefits	873,863	873,258
State of Illinois operating assistance advance	939,646	243,863
Line of credit	2,347,470	-
Accrued expenses - self-insurance liabilities	<u>853,390</u>	<u>675,681</u>
Total Current Liabilities	<u>5,554,097</u>	<u>3,149,935</u>
NONCURRENT LIABILITIES		
Pension liability	4,420,968	5,259,158
Unearned revenues	2,208,466	2,170,745
Other post-employment benefit liability	<u>2,559,867</u>	<u>10,677,590</u>
Total Noncurrent Liabilities	<u>9,189,301</u>	<u>18,107,493</u>
 Total Liabilities	 <u>14,743,398</u>	 <u>21,257,428</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferred inflows of resources	<u>847,549</u>	<u>415,760</u>
NET POSITION		
NET POSITION		
Net investment in capital assets	24,192,709	24,522,437
Restricted for public liability, employee health insurance, and workers compensation claims	142,433	1,281,995
Unrestricted	<u>1,441,779</u>	<u>(9,889,179)</u>
 TOTAL NET POSITION	 <u>\$ 25,776,921</u>	 <u>\$ 15,915,253</u>

See accompanying notes to financial statements.

ROCKFORD 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		
Passenger fares	\$ 1,133,889	\$ 1,551,076
Advertising	125,979	82,854
Other	110,979	176,279
Total Operating Revenues	1,370,847	1,810,209
OPERATING EXPENSES		
Transportation	10,645,324	9,955,425
Maintenance	3,159,647	3,224,953
General administration - OPEB	(7,948,274)	-
General administration	4,007,180	3,192,201
Total Operation and Maintenance Expenses	9,863,877	16,372,579
Depreciation expense	1,899,215	2,023,696
Total Operating Expenses	11,763,092	18,396,275
Operating Loss	(10,392,245)	(16,586,066)
NONOPERATING REVENUES & EXPENSES		
Investment income	84,997	97,378
Other	-	600
Operating Subsidies		
Federal	2,294,580	1,718,672
State of Illinois	10,721,924	10,399,858
City of Rockford	1,462,197	1,406,669
Stateline Mass Transit District	1,023,012	837,642
City of Loves Park	328,242	298,219
Village of Machesney Park	212,734	208,245
Boone County	115,983	114,374
City of Belvidere	25,000	25,000
Total Operating Subsidies	16,183,672	15,008,679
Interest expense	24,575	-
Total Nonoperating Revenues & Expenses	16,244,094	15,106,657
Income (Loss) Before Contributions	5,851,849	(1,479,409)
CAPITAL CONTRIBUTIONS - FEDERAL, STATE, & LOCAL	4,009,819	6,793,370
CHANGE IN NET POSITION	9,861,668	5,313,961
NET POSITION - Beginning of Year	15,915,253	10,601,292
NET POSITION - END OF YEAR	\$ 25,776,921	\$ 15,915,253

See accompanying notes to financial statements.

ROCKFORD MASS TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 582,803	\$ 1,614,495
Received from other sources	236,958	259,733
Paid to suppliers for goods and services	(11,619,863)	(8,816,048)
Paid to employees for services	(7,026,722)	(6,746,379)
Cash Flows From Operating Activities	(17,826,824)	(13,688,199)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash receipts from operating subsidies	16,881,114	15,517,827
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	84,997	97,378
Cash Flows From Investing Activities	84,997	97,378
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from debt issue	3,610,580	-
Debt retired	(1,263,703)	-
Interest paid	(24,575)	-
Acquisition and construction of capital assets	(3,916,364)	(7,512,231)
Capital contributions - federal, state and local	2,627,448	6,283,398
Cash Flows From Capital and Related Financing Activities	1,033,386	(1,228,833)
Net Change in Cash and Cash Equivalents	172,673	698,173
CASH AND CASH EQUIVALENTS – Beginning of Year	8,545,565	7,847,392
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 8,718,238	\$ 8,545,565

See accompanying notes to the financial statements.

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (18,340,519)	\$ (16,586,066)
Adjustments to reconcile operating loss to net cash used in operating activities		
Nonoperating revenue	-	600
Noncash items included in operating loss		
Depreciation expense	1,899,215	2,023,696
Changes in assets, deferred outflows of resources, and liabilities		
Accounts receivable	(551,086)	63,419
Supplies inventory	(19,868)	(12,682)
Prepaid expenses	9,732	(13,860)
Accounts payable	(817,405)	1,086,829
Accrued expenses - self-insurance liabilities	177,709	(369,175)
Accrued expenses - other	605	(32,190)
Advance from City of Rockford	37,721	161,599
Pension liability	(53,479)	(85,690)
Other post-employment benefit liability	(169,449)	75,321
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (17,826,824)</u>	<u>\$ (13,688,199)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 3,863,496	\$ 2,753,261
Cash and investments designated for OPEB	3,858,919	3,834,628
Cash and investments restricted for public liability, employee health insurance, and workers compensation claims	<u>995,823</u>	<u>1,957,676</u>
CASH AND CASH EQUIVALENTS	<u>\$ 8,718,238</u>	<u>\$ 8,545,565</u>

See accompanying notes to the financial statements.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Rockford Mass Transit District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the District are described below.

REPORTING ENTITY

The District was established to provide for operation of a bus transit system, including paratransit services, in the City of Rockford, Illinois and surrounding areas. The District's Trustees are appointed by the City of Rockford. The District receives operating subsidies from the City of Rockford, the City of Loves Park, the Village of Machesney Park, the City of Belvidere, the Stateline Mass Transit District, Boone County, the State of Illinois and the Federal Government. The District is a component unit of the City of Rockford, as defined GASB Statement No. 61, and accordingly, the District's financial statements are also included in the basic financial statements of the City of Rockford.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The term measurement focus is used to denote what is being measured and reported in the District's operating statement. The District is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the District is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the District's operating statement. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The District follows enterprise fund accounting. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. The utility adopted this statement effective July 1, 2019.

Preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION

Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers all cash and short-term investments purchased with maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents restricted for public liability, workmen's compensation and employee health insurance are funds that are restricted to pay for costs incurred in those areas.

Deposits and Investments

State statutes restrict investment of transit funds. Investments are limited to:

1. Time deposits in any bank, savings bank, trust company, or savings and loan association which are insured.
2. Bonds or securities issued by the federal government.
3. Illinois State Treasurer's Investment Pool.
4. Money market mutual funds with portfolios of securities issued or guaranteed by the United States government.
5. Short-term commercial paper rated within the three highest classifications by at least two standard rating services.
6. Repurchase agreements with public depositories.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporation's tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds, and equity securities.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Cash and Investments Designated for OPEB

The board has segregated certain funds as designated for the future liquidation of the other post-employment benefits (OPEB) obligation.

Cash and Investments Restricted in Trusts

This represents assets restricted for public liability, employee health insurance, and workers' compensation. Current liabilities payable from these restricted assets are so classified.

Accounts Receivable/Payable

Substantially all District receivables are due from government units and are considered to be to be fully collectible.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

Supplies Inventory

Operating inventories consisting of repair parts, motor oil and fuel are stated at cost (first in, first out) and average cost method.

Prepaid Expenses

This represents amounts paid for services or insurance coverage to be provided in future periods.

Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are stated at cost. Purchases of capital assets are primarily reimbursed by capital grants from federal, state, and local sources. Donated assets are recorded at acquisition value on the date donated.

Proceeds from the sale of capital assets acquired under capital grants are remitted to the original funding source unless permission is received from the funding source to retain the proceeds.

Depreciation of buildings, improvements, equipment, and vehicles is computed monthly upon capitalization using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Building and improvements	20 - 40
Buses and service vehicles	10 - 12
Equipment and office furniture	5 - 10

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. Pension deferred outflows relate to the net pension liability. Details of the account are included in Note 6.

Accrued Wages, Compensated Absences, and Benefits

Certain District employees who have completed 2 years of service are eligible to accrue sick pay benefits at the rate of one (1) eight (8) hour day per calendar month in which the employee is not absent or off work for any reason (except vacation, holidays, personal days or bereavement). Upon eligible retirement or voluntary resignation from employment (excluding permanent disability, resignation due to worker's compensation injury and like reasons), the equivalent value of fifty percent (50%) of the employee's capped accumulated sick leave shall be paid to the employee.

Employees earn varying amounts of vacation depending on the number of years of service and employment position. Vacation pay will be paid at the time vacation is taken and does not accumulate from one year to another. When an employee separates from the District, earned and unused vacation time will be computed and paid out to the employee at their regular rate of pay.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

Accrued Wages, Compensated Absences, and Benefits (cont.)

The accrued payroll and benefits liability has been computed based on a rate of pay in effect at each fiscal year end, respectively.

Pension Liability

For the purposes of measuring the net pension liability, deferred outflows of resources and pension expense, information about the plan fiduciary net position of the Rockford Mass Transit District Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

Unearned Revenue

The City of Rockford subsidizes the operating loss before depreciation of the District in excess of other subsidies received. The advance represents unearned revenue which is primarily due to the accumulation of the cash received from the City in excess of the amounts needed to subsidize operating losses.

Other Post-Employment Benefit Liability (OPEB)

The District provides post-employment health insurance benefits to all eligible employees. During fiscal year 2018, the District implemented GASB 75 related to OPEBs. Prior to fiscal year 2018, For purposes of measuring the net OPEB liability and OPEB expense, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. See note 8 for additional disclosures related to the OPEB under GASB 75.

Line of Credit

The District had a \$1,500,000 line of credit with Rockford Bank & Trust which expires March 25, 2023. Interest is payable monthly at the current prime rate. Borrowings in the form of notes payable are guaranteed by the revenues of the District. The balance due on the District's line of credit was \$1,500,000 and \$0 as of June 30, 2020 and 2019, respectively.

Deferred Inflows of Resources

A deferred inflow of resources represents the creation of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Pension deferred inflows relate to the net pension liability. Details of the account are in note 6.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND NET POSITION (cont.)

Net Position

Equity is classified as net position and is displayed in three components:

- > *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net invested in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The District has no outstanding debt as of June 30, 2019.
- > *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislations.
- > *Unrestricted net position* – The component of net position consists of net position 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 unrestricted resources first, and then restricted resources as they are needed.

REVENUES AND EXPENSES

Revenue Recognition

Operating revenues of the District are passenger fare revenues received from customers. The District also recognizes as operating revenue amounts received from businesses for advertisements on District buses and other District-owned property. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Ridership Fares

Current fares were approved by the Board effective May 1, 2009. Ridership fares were waived from March 18, 2020 through August 10, 2020 due to the COVID-19 pandemic.

Capital Contributions

The District has received Federal, State and Local funding for acquisition and construction of capital assets. The value of contributions received is reported as revenue on the statements of revenues, expenses, and changes in net position.

The 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 statements.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

RECLASSIFICATIONS

Certain reclassifications have been made to the prior year statements in order for them to be in conformity with the current year presentation.

USE OF ESTIMATES

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus*, Statement No. 93, *Replacement of Interbank Offered Rates*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. When they become effective, application of these standards may restate portions of these financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

	Carrying Value as of		Risks
	June 30, 2020	June 30, 2019	
Checking and savings	\$ 426,963	\$ 836,109	Custodial credit
Money market	8,291,275	7,709,456	N/A
 Totals	 <u>\$ 8,718,238</u>	 <u>\$ 8,545,565</u>	

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's investment policy requires that deposits with financial institutions in excess of FDIC to be collateralized with collateral in an amount of 100% of the uninsured deposits.

As of June 30, 2020 and 2019, none of the District's bank balances are known to be individually exposed to custodial credit risk.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in the District's capital assets for 2020 and 2019:

	Balance 7/1/2019	Additions	Retirements	Balance 6/30/2020
Capital assets, not being depreciated				
Land	\$ 1,969,934	\$ -	\$ -	\$ 1,969,934
Total Capital Assets Not Being Depreciated	<u>1,969,934</u>	<u>-</u>	<u>-</u>	<u>1,969,934</u>
Capital assets, being depreciated				
Land improvements	924,521	-	-	924,521
Buildings	25,077,272	140,186	(2,464)	25,214,994
Buses and service vehicles	16,542,135	3,618,287	(1,195,482)	18,964,940
Equipment and office furniture	3,944,708	158,484	(22,911)	4,080,281
Total Capital Assets Being Depreciated	<u>46,488,636</u>	<u>3,916,957</u>	<u>(1,220,857)</u>	<u>49,184,736</u>
Total Capital Assets	<u>48,458,570</u>	<u>3,916,957</u>	<u>(1,220,857)</u>	<u>51,154,670</u>
Less: Accumulated depreciation	<u>(23,936,133)</u>	<u>(1,899,215)</u>	<u>1,220,857</u>	<u>(24,614,491)</u>
Total Net Capital Assets	<u>\$ 24,522,437</u>	<u>\$ 2,017,742</u>	<u>\$ -</u>	<u>\$ 26,540,179</u>
	Balance 7/1/2018	Additions	Retirements	Balance 6/30/2019
Capital assets, not being depreciated				
Land	\$ 1,969,934	\$ -	\$ -	\$ 1,969,934
Construction in progress	1,593,446	723,739	(2,317,185)	-
Total Capital Assets Not Being Depreciated	<u>3,563,380</u>	<u>723,739</u>	<u>(2,317,185)</u>	<u>1,969,934</u>
Capital assets, being depreciated				
Land improvements	924,521	-	-	924,521
Buildings	17,205,059	7,872,213	-	25,077,272
Buses and service vehicles	16,490,750	198,036	(146,651)	16,542,135
Equipment and office furniture	4,011,028	316,567	(382,887)	3,944,708
Total Capital Assets Being Depreciated	<u>38,631,358</u>	<u>8,386,816</u>	<u>(529,538)</u>	<u>46,488,636</u>
Total Capital Assets	<u>42,194,738</u>	<u>9,110,555</u>	<u>(2,846,723)</u>	<u>48,458,570</u>
Less: Accumulated depreciation	<u>(22,441,975)</u>	<u>(2,023,696)</u>	<u>529,538</u>	<u>(23,936,133)</u>
Total Net Capital Assets	<u>\$ 19,752,763</u>	<u>\$ 7,086,859</u>	<u>\$ (2,317,185)</u>	<u>\$ 24,522,437</u>

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 4 – OPERATING SUBSIDIES

The District is economically dependent upon operating subsidies and grants provided by Federal, State, and Local governments. Without these subsidies and grants, operations could not continue at current levels unless alternative methods of funding were obtained. Operating subsidies and grants utilized to finance current operations are recorded when earned.

The following are the operating subsidies for fiscal 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Federal	\$ 2,294,580	\$ 1,718,672
State of Illinois*	13,068,801	10,399,858
City of Rockford	1,524,000	1,376,178
Stateline Mass Transit District	1,023,012	837,642
City of Loves Park	328,242	298,219
Village of Machesney Park	212,734	208,245
Boone County	115,983	114,374
City of Belvidere	25,000	25,000

*Includes funding reported in fiscal year 2020 as capital contributions – state as debt service for capital purchases was an eligible expense under the grant agreement.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health care of its employees; and natural disasters.

All risks with the exception of workers compensation, prior to October 1, 2015, health insurance and public liability related to scheduled vehicles are covered by commercial insurance. Settled claims have not exceeded commercial insurance in any past three fiscal years. The insurance coverage is consistent with the prior year.

As of October 1, 2015, the District is fully insured for workers compensation. Prior to October 1, 2015, the District was partially self-insured for workers compensation and maintained commercial insurance for claims in excess of the self-insured portion. For workers compensation claims prior to October 1, 2015, reserves are held in the District's restricted cash balance. This commercial insurance is limited to a \$1,000,000 annual aggregate liability by the insurance excess carrier over the self-insured portion. The commercial insurance carries a \$500,000 per accident deductible.

The District's employee health benefits program provides basic medical, vision, major medical and short-term disability weekly income benefits to eligible employees. Commercial insurance is not maintained on short-term disability or on the first \$75,000 per person, up to \$1,000,000 in annual aggregate medical claims. The District maintains commercial insurance that covers a layer of claims over the self-insured portion. This commercial insurance is limited to a \$1,000,000 annual aggregate liability by the insurance excess carrier over the self-insured portion of medical claims. The commercial insurance is also limited to a \$1,000,000 per person lifetime amount.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 5 – RISK MANAGEMENT (cont.)

The public liability program provides for defense costs and claims administration through a combination of self insurance and policies issued by licensed insurance carriers. Commercial insurance is not maintained for the first \$100,000 per occurrence and subject to a limit of \$50,000 in loss adjustment expenses per claim. The District does, however, maintain coverage for \$9,900,000 over the \$100,000 of self-insured public liability claims.

An analysis of the activity for workers compensation, employee health benefits, and public liability self-insurance liabilities is presented as follows:

	Employee Benefit Fund	Public Liability Fund	Workers Compensation Fund
Liability 7/1/2019	\$ 118,516	\$ 312,024	\$ 245,141
Add: Claims incurred and Adjustments	2,370,303	2,249,179	2,353,258
Less: Claims paid	(2,328,010)	(2,106,277)	(2,360,744)
Liability 6/30/2020	\$ 160,809	\$ 454,926	\$ 237,655
	Employee Benefit Fund	Public Liability Fund	Workers Compensation Fund
Liability 7/1/2018	\$ 181,673	\$ 600,198	\$ 262,985
Add: Claims incurred and Adjustments	1,989,875	152,274	2,354,596
Less: Claims paid	(2,053,032)	(440,448)	(2,372,440)
Liability 6/30/2019	\$ 118,516	\$ 312,024	\$ 245,141

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate.

The District is involved in several personal injury claim litigations. Management of the District responds by vigorous defense and believes any unfavorable outcome of the claims will be immaterial. The District attorney believes all of these cases will likely be covered for loss by insurance.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 6 – LONG-TERM OBLIGATIONS

During 2020, due to the timing of funds received the District drew on their line of credit and took out an additional bank loan. There were no formal repayment schedule agreed to. The District repaid outstanding obligations as funds were received from the Illinois Department of Transportation (IDOT).

Long-Term Obligations Summary

Long-term obligation activity for the year ended June 30, 2020 is as follows:

	7/1/19 Balance	Additions	Reductions	6/30/20 Balance	Due Within One Year
Line of credit	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
Bank loan	-	2,110,580	1,263,110	847,470	-
Totals	\$ -	\$ 3,610,580	\$ 1,263,110	\$ 2,347,470	\$ -

NOTE 7 – DEFINED BENEFIT RETIREMENT PLAN

ROCKFORD MASS TRANSIT DISTRICT EMPLOYEES' RETIREMENT SYSTEM

Plan description – The Rockford Mass Transit District Retirement Plan (the Plan) is a single employer, non-contributory, defined benefit plan. The District established the Plan to provide retirement benefits for eligible employees of the District. The Plan is governed by the Rockford Mass Transit District (“the District”) Board of Trustees together with the employees covered under collective bargaining agreements. The Plan consists of three employee representation units within the District. They include; International Brotherhood of Electrical Workers (IBEW), Amalgamated Transit Union (ATU) and the Administrative Employees (Admin). These plans are combined to represent the Plan which is discussed below. The Plan issues a stand-alone financial report which may be obtained by contacting the District.

On April 26, 2017 the District’s Board of Trustees approved a resolution to close the ATU and Admin employee representation units to new entrants effective November 1, 2016. No employees hired from November 1, 2016 until June 30, 2017 were eligible for participation in the plan.

On March 28, 2018, the District’s Board of Trustees approved a resolution to close the IBEW employee representation unit to new entrants effective for employees hired on or after March 12, 2018.

Vesting – Under the provision of the Plan, pension benefits vest after five years of full-time employment and exclude employee disability. Upon retiring at the normal retirement age of sixty-five prescribed in the Plan, an employee is entitled to receive a monthly benefit payment in the form of a life annuity. Benefits under the Plan are accumulated during each year of service and determined based on compensation level. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Benefits provided – Under the provision of the Plan, pension benefits vest after five years of full-time employment and exclude employee disability. Upon retiring at the normal retirement age of sixty-five prescribed in the Plan, an employee is entitled to receive a monthly benefit payment in the form of a life annuity. Benefits under the Plan are accumulated during each year of service and determined based on compensation level. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 7 – DEFINED BENEFIT RETIREMENT PLAN (cont.)

ROCKFORD MASS TRANSIT DISTRICT EMPLOYEES’ RETIREMENT SYSTEM (cont.)

The following table presents information about Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate, as of the measurement dates, the net pension liability for the fiscal years ended June 30, 2020 and 2019.

	2020				2019			
	<u>Admin</u>	<u>ATU</u>	<u>IBEW</u>	<u>Total</u>	<u>Admin</u>	<u>ATU</u>	<u>IBEW</u>	<u>Total</u>
Active participants	26	70	16	112	26	78	21	125
Retired participants and beneficiaries	19	65	13	97	18	64	11	93
Terminated vested participants	<u>11</u>	<u>34</u>	<u>8</u>	<u>53</u>	<u>10</u>	<u>31</u>	<u>8</u>	<u>49</u>
Total Plan Participants	<u>56</u>	<u>169</u>	<u>37</u>	<u>262</u>	<u>54</u>	<u>173</u>	<u>40</u>	<u>267</u>

Participation for each employee representation is as follows:

IBEW and Administrative employees become eligible to participate on the January 1st or July 1st following a year of service where 1,000 hours has been worked. In addition to the requirements followed by IBEW and Administrative employees, ATU employees must also attain the age of 21 to become eligible. Eligible compensation excludes overtime pay, bonuses, or other compensation.

Contributions – The current policy of the District is to use each actuarial valuation as the basis for determining employer contributions to the Plan during the fiscal year beginning in the year of the valuation year. The July 1, 2018 valuation is the basis for contributions in fiscal 2019. The plan does not permit employees to make contributions.

The Plan’s actuarial contribution rate is determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods are approved by the District.

Employer contributions to the Plan are recognized on the accrual basis and are actuarially determined each year. For Plan fiscal years 2019 and 2018, the required contributions were \$1,411,523 and \$1,358,384 respectively, or 26.78% and 25.25%, respectively, of the covered payroll per year. The District’s actual Plan contributions for Plan fiscal years 2019 and 2018 were \$1,501,852 and \$1,404,554, respectively. The District’s total payroll for the Plan fiscal years ended June 30, 2019 and 2018 was approximately \$5,601,473 and \$5,940,051, respectively.

At June 30, 2020 and 2019, the District reported a net pension liability of \$4,420,968 and \$5,259,158, respectively. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 7 – DEFINED BENEFIT RETIREMENT PLAN (cont.)

ROCKFORD MASS TRANSIT DISTRICT EMPLOYEES' RETIREMENT SYSTEM (cont.)

For the year ended June 30, 2020 and 2019, the District recognized pension expense of \$1,546,521 and \$1,414,289, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources related to pensions from the following sources:

	2020	2020	2019	2019
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 462,597	\$ 847,549	\$ 516,153	415,760
Net difference between projected and actual earnings on pension plan investments	201,092	-	500,458	-
District contributions subsequent to the measurement date	1,500,000	-	1,500,000	-
Totals	\$ 2,163,689	\$ 847,549	\$ 2,516,611	\$ 415,760

The amounts of \$1,500,000 and \$1,400,000 were reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the subsequent year.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2021	\$ 158,172
2022	(158,678)
2023	(80,790)
2024	(49,334)
2025	(53,230)
Thereafter	-
Total	\$ (183,860)

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 7 – DEFINED BENEFIT RETIREMENT PLAN (cont.)

ROCKFORD MASS TRANSIT DISTRICT EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions – The total pension liability was determined using the following actuarial assumptions, applied to periods included in the measurement:

- > Inflation (effective June 30, 2014): 3% per annum.
- > Salary Increase (effective June 30, 2014): 3% per year, compounded annually.
- > Long-term investment rate of return (effective June 30, 1996): 7.0%, compounded annually, net of investment expense, including inflation.
- > The actuarial assumptions were based on the results of actuarial experience studies previously completed and are consistent with prior valuations.
- > Mortality rates were based on the PubG-2020 Mortality Table for Males or Females, as appropriate, as of June 30, 2019 and the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA as of June 30, 2018.
- > 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 (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 by the target asset allocation percentage and by adding expected inflation.

The assumptions noted above were consistently applied in the June 30, 2019 and 2018 valuation, except as noted, if applicable.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 7 – DEFINED BENEFIT RETIREMENT PLAN (cont.)

ROCKFORD MASS TRANSIT DISTRICT EMPLOYEES' RETIREMENT SYSTEM (cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity investments	48.4%	
Domestic Stocks		6.0 – 7.5%
International Stocks		7.2%
Fixed income investments	51.6%	
Cash, CDs and Money Funds		2%
Other fixed income investments		2.0 – 7.4%
Total	<u>100%</u>	

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity investments	48.2%	
Domestic Stocks		6.4 – 7.4%
International Stocks		7.1%
Fixed income investments	51.8%	
Cash, CDs and Money Funds		2%
Other fixed income investments		3.3 – 7.4%
Total	<u>100.0%</u>	

Discount rate– The discount rate used to measure the total pension liability at June 30, 2019 and 2018 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 7 – DEFINED BENEFIT RETIREMENT PLAN (cont.)

ROCKFORD MASS TRANSIT DISTRICT EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the District's net pension liability to changes in the discount rate – The following presents the District's net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

<u>Net Pension Liability</u>	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
June 30, 2019	\$ 7,585,569	\$ 4,420,968	\$ 1,716,178
June 30, 2018	8,319,462	5,259,158	2,664,994

The following tables present the changes in the Net Pension Liability reported as of June 30, 2020 and 2019 based on valuations as of June 30, 2019 and 2018:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at June 30, 2018	<u>\$ 26,106,567</u>	<u>\$ 20,847,409</u>	<u>\$ 5,259,158</u>
Changes for the year:			
Service cost	656,666	-	656,666
Interest	1,858,352	-	1,858,352
Differences between expected and actual experience	(650,497)	-	(650,497)
Employer contributions	-	1,501,852	(1,501,852)
Capital appreciation	-	789,778	(789,778)
Net investment income	-	501,103	(501,103)
Benefit payments	(923,202)	(923,202)	-
Administrative expenses	-	(90,022)	90,022
Receivables	-	-	-
Net Changes	<u>941,319</u>	<u>1,779,509</u>	<u>(838,190)</u>
Balances at June 30, 2019	<u>\$ 27,047,886</u>	<u>\$ 22,626,918</u>	<u>\$ 4,420,968</u>

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 7 – DEFINED BENEFIT RETIREMENT PLAN (cont.)

ROCKFORD MASS TRANSIT DISTRICT EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2017	\$ 24,947,008	\$ 19,168,010	\$ 5,778,998
Changes for the year:			
Service cost	754,673	-	754,673
Interest	1,707,751	-	1,707,751
Differences between expected and actual experience	(507,972)	-	(507,972)
Employer contributions	-	1,404,554	(1,404,554)
Capital appreciation	-	896,820	(896,820)
Net investment income	-	262,538	(262,538)
Benefit payments	(794,893)	(794,893)	-
Administrative expenses	-	(89,620)	89,620
Receivables	-	-	-
Net Changes	<u>1,159,559</u>	<u>1,679,399</u>	<u>(519,840)</u>
Balances at June 30, 2018	<u>\$ 26,106,567</u>	<u>\$ 20,847,409</u>	<u>\$ 5,259,158</u>

Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial statements. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position for the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Investments are stated at fair market value. Benefit Payments are recognized when due and payable in accordance with the terms of the plan.

NOTE 8 – DEFINED CONTRIBUTION PLAN AND VOLUNTARY SUPPLEMENTAL RETIREMENT

Defined Contribution Retirement - All eligible employees hired after November 1, 2016, are entered into the defined contribution plan created in accordance with Internal Revenue Code (IRC) Section 457 and administered by the District. Employee and employer contributions are deposited into the employee's individual account and invested under their direction. Participants of the plan can make payments into the plan as desired. The District contributes 50% of the employee's contribution up to 3% of their eligible wages of the participant's wages starting November 2016. The District made no contributions to the plan in 2020 or 2019 as no employees currently participate in the plan.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 8 – DEFINED CONTRIBUTION PLAN AND VOLUNTARY SUPPLEMENTAL RETIREMENT (cont.)

Voluntary Supplemental Retirement – In addition, the District offers its employees a deferred compensation plan which was created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, death, or unforeseeable emergency. The plan is fully vested as the deferred compensation is deemed earned by the employees.

The Plan assets are held in a trust for the exclusive benefit of the plan participants. Since the District does not act as trustee nor does it have fiduciary accountability for the plan assets, the plan assets are not included in these financial statements.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLAN

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The District administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides health insurance contributions for eligible retirees and their spouse through the District’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that select eligible retirees (hired before 1993) and their spouses receive lifetime healthcare insurance at established contribution rates. Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the District and the bargaining unit. The plan is closed to new entrants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. The District provides healthcare insurance benefits for select eligible retirees and their spouse. The benefit terms provide for coverage for the retiree and their spouse until the retiree’s death. The District makes the same monthly health insurance contribution on behalf of select retirees as it makes on behalf of all other active employees during the year. The District contributes 100% of the current year premiums for a family and a single plan, respectively, for select eligible retired plan members and their spouses.

Employees covered by benefit terms. At June 30, 2020 and 2019, the following employees were covered by the benefit terms:

	<u>2020</u>	<u>2019</u>
Active employees fully eligible to receive plan benefits	4	7
Active employees not fully eligible	1	1
Retired plan members	<u>24</u>	<u>22</u>
Total Plan Members	<u>29</u>	<u>30</u>

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLAN (cont.)

TOTAL OPEB LIABILITY

The District's total OPEB liability of \$2,559,867 and \$10,677,590 were measured as of June 30, 2020 and 2019, respectively, and were determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0 percent, average
	6.5 percent for 2018, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2021 and later years. 5.5 percent for 2020 decreasing to 5.0 percent.
Healthcare cost trend rates	
	All retirees must contribute their share of the monthly premium equal to that required stated in the applicable bargaining unit contract
Retirees' share of benefit-related costs	

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the PubG-2020 tables as of June 30, 2020 and the RP-2000 combined Healthy Mortality Table projected to 2017 using Scale AA as of June 30, 2019.

The actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on anticipated future experience under the plan, including consideration for the current demographics of the covered population where applicable, or anticipated future experience under the Retirement Plan sponsored by the District.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at 6/30/2019	\$ 10,677,590
Changes for the year:	
Service cost	16,040
Interest	293,503
Difference between expected and actual	(291,052)
Changes in assumptions or other inputs	152,512
Benefit payments	(347,590)
Updated cost basis*	(7,941,136)
Net changes	(8,117,723)
Balances at 6/30/2020	\$ 2,559,867

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLAN (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY (cont.)

- * The reduction in liability related to updated costs acquired from RMTD's TPAs is (\$7.9M). The liability reduction is due to a lower cost of the post-employment medical benefits (OPEB) incurred by RMTD relative to the premium costs for the medical benefits offered to active employees. The 2018/2019 and 2017/2018 Fiscal Year valuations performed by the prior actuaries utilized estimated annual costs based on the premiums applicable to the medical plan offered to active employees. The administration and cost structure related to the OPEB is fundamentally different than the medical plan offered to active employees. The OPEB costs incurred by RMTD are monthly stop loss fees and claims incurred.
- The Coyle Kiley Insurance Agency provided monthly fixed costs of stop loss coverage. The July 1, 2019 monthly renewal costs are \$140.44 for single coverage and \$293.23 for family coverage.
 - The Professional Benefit Administrators provided claim reports for the most recent 4 years. The reports itemize the total medical charges offset by network discount, Medicare payments, retiree deductible, COB savings, and retiree coinsurance. The average monthly net costs incurred by RMTD over the last 4 years are \$173.29 per retiree, \$179.97 per spouse, and \$35.94 per child.
 - For comparison purposes, the 2019/2020 Fiscal Year monthly medical premiums for active employees are \$732.51 and \$1,428.39 for single and family coverage, respectively.

	Total OPEB Liability
Balances at 6/30/2018	\$ 10,602,269
Changes for the year:	
Service cost	46,052
Interest	312,116
Difference between expected and actual	(189,842)
Changes in assumptions or other inputs	258,807
Benefit payments	(351,812)
Net changes	75,321
Balances at 6/30/2019	\$ 10,677,590

Changes of assumptions and other inputs reflect a change in the discount rate from 2.79 percent in 2019 to 2.66 percent in 2020.

2020 Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 2,844,275	\$ 2,559,867	\$ 2,319,291

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLAN (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY (cont.)

2019 Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate:

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB liability	\$ 12,205,987	\$ 10,677,590	\$ 9,412,791

2020 Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (4.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (5.5% Decreasing to 5.0%)	1% Increase (6.5% Decreasing to 6.0%)
Total OPEB liability	\$ 2,278,979	\$ 2,559,867	\$ 2,900,070

2019 Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.0% Decreasing to 5.0%)	1% Increase (7.0% Decreasing to 6.0%)
Total OPEB liability	\$ 9,360,629	\$ 10,677,590	\$ 12,260,580

**OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES
RELATED TO OPEB**

For the year ended June 30, 2020 and 2019, the District recognized OPEB expenses of \$(176,587) and \$75,321, respectively. At June 30, 2020 and 2019, the District did not report deferred outflows of resources and deferred inflows of resources.

ROCKFORD MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE 10 – RELATED PARTIES

The District is a component unit of the City of Rockford, Illinois, and, as a consequence, received subsidies of \$1,524,000 and \$1,406,669 for the years ended June 30, 2020 and 2019, respectively. Subsidies received in excess of the amounts expended relative to the City of Rockford agreement are reflected as advances from the City of Rockford.

NOTE 11 – COMMITMENT AND CONTINGENCIES

The District has signed construction and equipment purchase contracts for approximately \$3,771,000 including five hybrid buses. The value of service provided and the corresponding liability as of June 30, 2020 has been accrued in these financial statements.

NOTE 12 – SUBSEQUENT EVENTS

The utility evaluated subsequent events through December 21, 2020 the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

REPAYMENT OF LONG-TERM OBLIGATIONS

Debt outstanding as of June 30, 2020 was fully repaid on July 15, 2020 including \$1,500,000 drawn on the District's line of credit and \$847,470 of bank loans.

REQUIRED SUPPLEMENTARY INFORMATION

ROCKFORD MASS TRANSIT DISTRICT

DEFINED BENEFIT PENSION PLAN - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

Plan Year Ended June 30,	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 656,666	\$ 754,673	\$ 787,653	\$ 787,517	\$ 714,070	\$ 683,501
Interest on the total pension liability	1,858,352	1,707,751	1,581,675	1,473,546	1,355,470	1,227,471
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience of the total pension liability	(650,497)	(507,972)	306,477	(13,037)	269,658	540,902
Changes of assumptions	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(923,202)	(794,893)	(779,427)	(635,758)	(618,141)	(530,754)
Net Change in Total Pension Liability	941,319	1,159,559	1,896,378	1,612,268	1,721,057	1,921,120
Total Pension Liability - Beginning	26,106,567	24,947,008	23,050,630	21,438,362	19,717,305	17,796,185
Total Pension Liability - Ending (A)	27,047,886	26,106,567	24,947,008	23,050,630	21,438,362	19,717,305
Plan Fiduciary Net Position						
Contributions - employer	1,501,852	1,404,554	1,404,877	1,606,608	1,500,609	1,200,000
Capital appreciation	789,778	896,820	1,420,686	(483,836)	9,223	1,581,196
Net investment income	501,103	262,538	328,264	316,672	278,042	227,764
Benefit payments, including refunds of employee contributions	(923,202)	(794,893)	(779,427)	(635,758)	(618,141)	(530,754)
Other (net transfer)	(90,022)	(89,620)	(76,982)	(69,622)	(67,336)	(59,467)
Net Change in Plan Fiduciary Net Position	1,779,509	1,679,399	2,297,418	734,064	1,102,397	2,418,739
Plan Fiduciary Net Position - Beginning	20,847,409	19,168,010	16,870,592	16,136,528	15,034,131	12,615,392
Plan Fiduciary Net Position - Ending (B)	22,626,918	20,847,409	19,168,010	16,870,592	16,136,528	15,034,131
Net Pension Liability - Ending (A) - (B)	\$ 4,420,968	\$ 5,259,158	\$ 5,778,998	\$ 6,180,038	\$ 5,301,834	\$ 4,683,174
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.66%	79.86%	76.83%	73.19%	75.27%	76.25%
Covered Valuation Payroll	\$ 5,601,473	\$ 5,940,051	\$ 6,058,636	\$ 5,937,417	\$ 6,026,395	\$ 5,792,859
Net Pension Liability as a Percentage of Covered Valuation Payroll	78.93%	88.54%	95.38%	104.09%	87.98%	80.84%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

ROCKFORD MASS TRANSIT DISTRICT

DEFINED BENEFIT PENSION PLAN - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	1,411,523	\$ 1,411,523	\$ 1,358,384	\$ 1,307,119	\$ 1,323,509	\$ 1,234,978	\$ 1,107,998
Contributions in relation to the actuarially determined contribution	<u>1,500,000</u>	<u>1,501,852</u>	<u>1,404,554</u>	<u>1,404,877</u>	<u>1,606,608</u>	<u>1,500,609</u>	<u>1,200,000</u>
Contribution deficiency (excess)	<u>\$ (88,477)</u>	<u>\$ (90,329)</u>	<u>\$ (46,170)</u>	<u>\$ (97,758)</u>	<u>\$ (283,099)</u>	<u>\$ (265,631)</u>	<u>\$ (92,002)</u>
Covered-employee payroll	\$ 5,443,714	\$ 5,601,473	\$ 5,940,051	\$ 6,058,636	\$ 5,937,417	\$ 6,026,395	\$ 5,474,705
Contributions as a percentage of covered-employee payroll	27.55%	26.81%	23.65%	23.19%	27.06%	24.90%	21.92%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and assumptions used to determine contribution rates:

	<u>2020 - 2019</u>	<u>2018 - 2014</u>
Actuarial cost method	Entry age normal method	Entry age normal method
Amortization method	Average remaining years of employment of all participants (actively employed and inactive members)	Average remaining years of employment of all participants (actively employed and inactive members)
Asset valuation method	Market value	Market value
Investment rate of return	7.0%	7.0%
Salary increases	3.0% per year, compounded annually	3.0% per year, compounded annually
Mortality	PubG-2010 Public Retirement Plans Mortality Tables	RP - 2000 projected to the valuation date for males and females

ROCKFORD MASS TRANSIT DISTRICT

OTHER POST-EMPLOYMENT BENEFITS PLAN - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Fiscal Year ended June 30,	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 55,880	\$ 46,052	\$ 16,040
Interest	320,293	312,116	293,503
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(189,842)	(291,052)
Changes of assumptions	206,841	258,807	152,512
Benefit payments	(313,342)	(351,812)	(347,590)
Net Change in Total OPEB Liability	269,672	75,321	(176,587)
Total OPEB Liability - Beginning	10,332,597	10,602,269	10,677,590
Updated Cost Basis	-	-	(7,941,136)
Total OPEB Liability - Ending	\$ 10,602,269	\$ 10,677,590	\$ 2,559,867
Covered-employee payroll	\$ 639,990	\$ 460,743	\$ 358,720
Total OPEB liability as a percentage of covered-employee payroll	1656.63%	2317.47%	713.61%

Notes to Schedule:

Benefit changes. There were no changes in benefit terms.

Changes of assumptions. Mortality rate table changed from RP-2000 to PubG-2010.

The reduction in liability related to updated costs acquired from RMTD's TPAs is (\$7.9M). The liability reduction is due to a lower cost of the post-employment medical benefits (OPEB) incurred by RMTD relative to the premium costs for the medical benefits offered to active employees. The 2018/2019 and 2017/2018 Fiscal Year valuations performed by the prior actuaries utilized estimated annual costs based on the premiums applicable to the medical plan offered to active employees. The administration and cost structure related to the OPEB is fundamentally different than the medical plan offered to active employees. The OPEB costs incurred by RMTD are monthly stop loss fees and claims incurred.

The Coyle Kiley Insurance Agency provided monthly fixed costs of stop loss coverage. The July 1, 2019 monthly renewal costs are \$140.44 for single coverage and \$293.23 for family coverage.

The Professional Benefit Administrators provided claim reports for the most recent 4 years. The reports itemize the total medical charges offset by network discount, Medicare payments, retiree deductible, COB savings, and retiree coinsurance. The average monthly net costs incurred by RMTD over the last 4 years are \$173.29 per retiree, \$179.97 per spouse, and \$35.94 per child.

For comparison purposes, the 2019/2020 Fiscal Year monthly medical premiums for active employees are \$732.51 and \$1,428.39 for single and family coverage, respectively.

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

ROCKFORD MASS TRANSIT DISTRICT

OTHER POST-EMPLOYMENT BENEFITS PLAN - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

Fiscal Year ended June 30,	2020	2019	2018
Contractually determined contribution	\$ 347,590	\$ 351,812	\$ 313,342
Contributions in relation to the contractually determined contribution	<u>347,590</u>	<u>351,812</u>	<u>313,342</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ -	\$ 460,743	\$ 639,990
Contributions as a percentage of covered-employee payroll	#DIV/0!	76.36%	48.96%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30 of the current fiscal year.

Methods and assumptions used:

	2020	2018 - 2019
Actuarial cost method	Entry age normal cost method	Entry age normal cost method
Healthcare cost trend rates	6.0 percent initial, decreasing to an ultimate rate of 5.0 percent	6.0 percent initial, decreasing to an ultimate rate of 5.0 percent
Salary increases	3.0 percent, average, including inflation	3.0 percent, average, including inflation
Retirement age	100% of participants are assumed to retire at age 65	100% of participants are assumed to retire at age 65
Mortality	PubG-2010 projected to the valuation date for males and females	RP - 2000 projected to the valuation date for males and females

Other information:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

Note: This schedule is to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

S U P P L E M E N T A R Y I N F O R M A T I O N

ROCKFORD MASS TRANSIT DISTRICT

OPERATING EXPENSES, EXCLUDING DEPRECIATION

For the Years Ended June 30, 2020 and 2019

	2020	2019
TRANSPORTATION		
Salaries and wages	\$ 4,733,754	\$ 4,659,551
Fringe benefits, including payroll taxes	4,450,409	3,916,300
Fuel and lubricants	960,670	953,198
Tires and tubes	92,481	78,303
Materials and supplies	146,381	40,326
Insurance	25,720	26,500
Security	228,490	275,867
Taxes and other miscellaneous	7,419	5,380
Total Transportation Expense	10,645,324	9,955,425
MAINTENANCE		
Salaries and wages	1,149,814	1,062,823
Fringe benefits, including payroll taxes	719,201	927,939
Contract maintenance services	217,952	216,296
Insurance	221,293	212,076
Materials and supplies	199,895	188,937
Bus parts	633,611	603,475
Other miscellaneous	17,881	13,407
Total Maintenance Expense	3,159,647	3,224,953
GENERAL ADMINISTRATION		
Salaries and wages	920,831	981,446
Fringe benefits, including payroll taxes	1,018,622	888,308
Advertising	230,426	212,813
Professional and management fees	384,379	354,450
Contract maintenance services	34,268	30,135
Custodial services	96,772	95,928
Materials and supplies	64,814	38,617
Utilities	251,554	244,079
Insurance	330,136	179,225
Dues and subscriptions	30,429	34,625
Travel and meeting	19,095	38,312
Lease and rentals	8,660	43,793
Rail/transportation	363,194	365,641
Other (including alternative analysis)	103,311	143,405
Self-insurance trust activity	150,689	(458,576)
Total General Administration Expense	4,007,180	3,192,201
Total Operating Expenses, Excluding Depreciation	17,812,151	16,372,579
Actual pension contributions in excess (deficient) of GASB 68 pension expense	(46,521)	85,711
TOTAL OPERATING EXPENSES FOR SCHEDULE OF OPERATING SUBSIDY	\$ 17,765,630	\$ 16,458,290

ILLINOIS DEPARTMENT OF TRANSPORTATION

REPORT ON COMPLIANCE WITH LAWS
AND REGULATIONS APPLICABLE TO THE FINANCIAL ASSISTANCE
RECEIVED FROM THE ILLINOIS DEPARTMENT OF TRANSPORTATION

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Rockford Mass Transit District
Rockford, Illinois

Report on Compliance

We have audited the compliance of the Rockford Mass Transit District (District) with the applicable provisions of the Downstate Public Transportation Act (as amended) 30 ILCS 740/2, the Civil Administrative Code of Illinois, 20 ILCS 2705/49.19, and the rules and regulations of the Illinois Department of Transportation that are applicable to the financial assistance for the year ended June 30, 2020. The District's state financial assistance is identified in the Schedule of Operating Subsidy under Downstate Operating Assistance Grant. We also tested the calculation of the State's participation in the District's operating deficit and that State assistance claimed and paid are recorded and reported in accordance with the contract with the State of Illinois.

Management's Responsibility

Management is responsible for compliance with the laws and regulations applicable to the financial assistance received from the Illinois Department of Transportation.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the District's state financial assistance compliance 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 provisions of the "Downstate Operating Assistance Grant Program Agreement" with the Department of Transportation, State of Illinois. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on financial assistance 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 with laws and regulations applicable to the financial assistance received from the Illinois Department of Transportation. Our audit does not provide a legal determination of the District's compliance.

Opinion on Compliance

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to state financial assistance received for the year ended June 30, 2020.

Purpose of this Report

This report is intended solely for the information and use of the Rockford Mass Transit District's Board of Trustees, management, and the Illinois Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Madison, Wisconsin
December 21, 2020

ROCKFORD MASS TRANSIT DISTRICT

SCHEDULE OF OPERATING SUBSIDY
Under Downstate Operating Assistance Grant
For the Years Ended June 30, 2020

		<u>2020</u>
Operating Revenues and Income		
401	Passenger fares for transit services	\$ 1,133,889
406	Auxiliary revenue	125,979
407	Non-transportation revenue	110,979
414	Federal funds applied to operating expense	<u>2,294,580</u>
	Total Operating Revenues and Income	<u>\$ 3,665,427</u>
Operating Expenses		
501	Labor	\$ 6,804,399
502	Fringe Benefits ***	6,141,708
503	Professional services	1,106,103
504	Material and supplies consumed	2,119,766
505	Utilities	251,554
506	Casualty and liability	564,152
507	Taxes	8,139
508	Net purchased transportation	363,194
509	Miscellaneous expense	247,264
512	Leases, rentals, and purchase-lease payments	8,660
517	Debt Service (principal & interest)	3,635,155
	Self-insurance trust activity	<u>150,689</u>
	Total Operating Expenses	<u>\$ 21,400,783</u>
Less ineligible expenses:		
	APTA and IPTA dues	\$ 4,900
	Single Audit	3,000
	Self-insurance trust activity	150,689
	Stateline Mass Transit District settlement	1,000,333
	COVID Unearned	51,990
	Lobbying and other costs	<u>84,024</u>
	Total Eligible Operating Expenses	<u>\$ 20,105,847</u>
	Total operating revenue and income	<u>\$ 3,665,427</u>
	Deficit	<u>16,440,420</u>
	Percentage of eligible expense*	<u>13,068,801</u>
	Maximum contract amount	<u>13,764,584</u>
	Eligible downstate operating assistance (Deficit, percentage of eligible expense*, or maximum contract amount, whichever is less)	
	\$2,346,877 reported as capital contributions, \$10,721,924 reported as operating	<u>13,068,801</u>
	Downstate operating assistance received	<u>13,764,584</u>
	Downstate operating assistance receivable (overpayment)	<u>\$ (695,783)</u>
	Downstate operating assistance overpayment received **	<u>\$ (243,863)</u>

* For fiscal 2020 65%.

** The Downstate Operating Assistance reported as overpaid relates to 2011 - 2019 net overpayments.

*** Within 502 - fringe benefits management has included \$46,521 of pension contributions in excess of GASB 68 expense.