

GREATER PEORIA MASS TRANSIT DISTRICT

Peoria, Illinois



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year 2019 and 2018

July 1, 2018 to June 30, 2019

and July 1, 2017 to June 30, 2018

GREATER PEORIA MASS TRANSIT DISTRICT

SERVING:

PEORIA, PEORIA HEIGHTS, WEST PEORIA, EAST PEORIA AND PEKIN, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

July 1, 2018 to June 30, 2019
and July 1, 2017 to June 30, 2018

Prepared by: Finance Department

Mission Statement

The Greater Peoria Mass Transit District (CityLink) provides an environmentally friendly and customer-focused transportation service that connects people to places in an efficient and safe manner.

GREATER PEORIA MASS TRANSIT DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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GREATER PEORIA MASS TRANSIT DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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GREATER PEORIA MASS TRANSIT DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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GREATER PEORIA MASS TRANSIT DISTRICT

Introductory Section

The Introductory Section Includes:

- Letter of Transmittal
- Certificate of Achievement in
 - Financial Reporting
- Board of Trustees
- Organizational Chart
- General Information
- Service Area Maps



Transit Center – Passenger Transfer



~Greater Peoria Mass Transit District ~2105 NE Jefferson Street ~Peoria, IL 61603

Phone: 309-676-4040 Fax: 676-8373 website: www.ridecitylink.org

November 22, 2019

To the Board of Trustees
Greater Peoria Mass Transit District

We are pleased to respectfully submit the Greater Peoria Mass Transit District (GPMTD or CityLink) Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2019 to the GPMTD Board of Trustees, the citizens of this area and all others interested in its financial condition. GPMTD is a public agency providing economical public transit services to its surrounding communities which include the Peoria, Peoria Heights, West Peoria, East Peoria, and Pekin.

GPMTD is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules and statistical tables. Management is confident that the data, as presented and detailed, is accurate in all material respects; that it is presented in a manner designated to fairly set forth the financial position and results of GPMTD as measured by its financial activity; and that all disclosures necessary to enable the reader to gain an understanding of the GPMTD financial position have been included. GPMTD management has established a comprehensive internal control framework that is designed to protect the agency's assets from loss, theft or misuse and has compiled sufficient reliable information for the preparation of GPMTD's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Public Accountants (AICPA). Because the cost of internal controls should not outweigh their benefit, GPMTD's framework of internal control has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

GPMTD's independent auditors Sikich LLP, a firm of licensed and Certified Public Accountants, have audited GPMTD's financial statements for the year ended June 30, 2019. The goal of the independent audit is to provide reasonable assurance that GPMTD's financial statements are free from material misstatement.

Board of Trustees

Art Bell
Chair

Jennifer Lee
Vice Chair

Maxine Wortham
Treasurer

Sharon McBride
Secretary

Joan Krupa
Trustee

Doug Roelfs, General Manager

The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosure in the financial statement, assessing the accounting principles used and any significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based on their audit, that there was reasonable basis for rendering an unmodified opinion that GPMTD's financial statements for the years ended June 30, 2019 and 2018 are presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. GPMTD MD&A can be found in the financial section of this report immediately following the report of the independent auditors.



A BRIEF HISTORY OF GREATER PEORIA MASS TRANSIT DISTRICT

1970 –

- On May 4, residents of the City of Peoria, Village of Peoria Heights and West Peoria Township voted to form the Greater Peoria Mass Transit District (GPMTD). The federal government gave Peoria a grant to purchase new buses (33 to start). GPMTD provided 667,142 passenger rides during the first year.
- GPMTD contracted with First Transit to manage the daily operations of the District, and First Transit has been the sole management provider for GPMTD since then.

1987 – GPMTD began the Stuff-A-Bus food drive to benefit the community by filling a GP Transit bus with food donations that were donated to a local non-profit organization that provided a food pantry to those in need.

1990 - The Americans with Disabilities Act (ADA) was passed by Congress. GPMTD began to provide ADA Paratransit transportation for passengers with disabilities.

1991 - As part of the national ethanol project, the Greater Peoria community was the first transit system in the country to run ethanol-fueled buses in its fleet. GPMTD's ethanol project was the largest mass transit test fleet in the nation.

2000 - The moniker GP Transit changed to CityLink to more efficiently advertise GPMTD. The colors of the buses changed from orange and white to maroon and gray with gold striping.

2001 - GPMTD entered into a contract with MV Transportation to offer paratransit service, which previously had been provided by a private company. The Board also approved naming the new service CityLift.

2002 - On December 2, night service was added to the schedule, providing service to passengers from 6:00 a.m. to 1:00 a.m. on designated routes. This enabled night workers and travelers to have extended transportation opportunities.

2003 -

- A modern, off-street Transit Center located in the 400 block of SW Adams was completed.
- The YWCA partnered with CityLink by opening a day care center within the Transit Center. The arrangement was the first in the nation to provide this combination of onsite childcare and transportation. The current occupant of the daycare center is Myah's Just 4 Kids Learning Center.

2005 -

- Twelve new buses were added to the fleet replacing older buses. Seven were 40-foot, low-floor buses and five were 35-foot, low-floor buses. These buses made it easier for passengers to enter and leave at curb level.
- CityLink buses helped to relieve traffic congestion during the six-month closing of the I-74 Bridge over the Illinois River.
- Security cameras were added to the interiors of the buses to aid with the safety of passengers and CityLink employees.

2008 - CityLink began celebrating Passenger Appreciation Day on April 20, 2008. This day is in honor of former CityLink General Manager Jerome Lilly, who passed away unexpectedly in 2007. April 20 was chosen as the date for Passenger Appreciation Day because it was Lilly's birthday.

2009 -

- A record-breaking 3,026,541 passenger rides were provided during the 2009 Fiscal Year.

2010 - CityLink began the process to order 46 new 35-foot, low-floor transit coaches.

2011 - Twenty-six 35-foot, low-floor transit coaches were delivered.

2012 -

- Five 35-foot, low-floor transit coaches were delivered.
- GPMTD began to offer half-fares for eligible US military veterans.

2013 -

- The 15 remaining 35-foot, low-floor transit coaches arrived in January.
- CityLink launched a mobile website for the convenience of passengers, putting schedule and route information at their fingertips.

2014 -

- GPMTD purchased six supervisor vans and two light duty vans. Both types of vehicles are compliant with the Americans with Disabilities Act (ADA).
- On June 8, for the first time in its 40-plus year history, the GPMTD offered Sunday service, with 2,696 riders taking advantage of the new service. Since the inception of this service, the average ridership on Sundays has consistently remained at just under 3,000 rides each week.
- As a result of conversations with Bike Peoria, a group of citizens and cycling enthusiasts advocating for a more bike-friendly city and region, CityLink added “Bikes and CityLink” information to the website and the Rider’s Guide. This provides cyclists with information on how to use transit as part of their cycling experience.

2015 -

- The installation of new solar powered bus shelters was initiated. The shelters have solar power LED lighting which provides added safety and security for passengers and allows better visibility for CityLink operators.
- CityLink renewed its contract with MV Transportation to offer paratransit service. In addition, due to a change in the urbanized area, CityLink entered into an intergovernmental agreement with Peoria County to oversee rural transportation service provider, CountyLink. The addition of AVL technology and new routing software has provided better data and revenue tracking, and improved customer service.
- CityLink experienced record ridership of 3,420,705 for the 2015 Fiscal Year period of July 1, 2014 through June 30, 2015. The previous record fiscal year ridership of 3,408,232 was set in 2013.
- The \$3 Day Pass, which provides unlimited rides for one service day, and the \$40 30-Day Pass, which offers unlimited rides for 30 consecutive service days. Both passes can be activated for the first time at any time during a month.
- A Genfare self-service ticket vending machine was installed in the Transit Center lobby. It provides convenience and flexibility for passengers who wish to buy bus tickets in advance. It issues the \$3 Day Pass and the \$40 30-Day Pass.
- CityLink expanded its online presence by joining the social media sites Facebook and Twitter.



Ticket Vending Machine

2016 –

- CityLink eliminated several bus pass options and made changes to its bus fare system. The biggest of these changes was the elimination of the transfer. Passengers now pay a fare for each ride. Seniors aged 65 and older also pay \$0.50 per ride.
- Continued the installation program of new solar powered bus shelters. Thirty-eight new shelters were installed in 2016.
- GPMTD received a Paratransit Vehicles Grant from the Federal Transit Authority (FTA) through the Buses and Bus Facilities Grants Program – 5339 to replace its fleet of aging paratransit (CityLift) vehicles.
- CityLink received two 40-foot, New Flyer Xcelsior® diesel-electric hybrid buses. Diesel-electric hybrid buses reduce emissions by up to 90% when compared to conventional diesel-fueled buses and reduce vehicle noise throughout their entire operating range.
- GPMTD began offering advertising opportunities on its paratransit (CityLift and CountyLink) vehicles through a new partnership with Heller Outdoor Group, Inc.
- CityLink route and schedule information became available in Google Maps in late 2016.

2017 –

- GPMTD welcomed Doug Roelfs as General Manager and Jennifer Lee to the Board of Trustees.
- CityLink received two additional 40' New Flyer Xcelsior® diesel-electric hybrid buses. The new buses are identical to the hybrid buses CityLink received in late 2016.
- GPMTD received thirty-two new paratransit vehicles. Thirty-one of these vehicles are being used by the District's demand response paratransit service (CityLift), and one of the vehicles is being used by the CityLink Operations Department as a supervisor vehicle. They have the capacity to accommodate up to 14 passengers and numerous wheelchairs.
- The Peoria Public Library and CityLink collaborated to offer a Little Free Library at the Transit Center. This Little Free Library box was purchased by and is sponsored by the Friends of the Peoria Public Library.

- CityLink expanded on its partnership with the Peoria Rivermen by offering a discount for tickets to Friday and Sunday home games for the 2017-2018 season. Fans could receive up to four lower bowl tickets for \$10 each when they presented a CityLink bus pass at the Rivermen box office.
- Continued the installation program of new solar powered bus shelters. Twenty new shelters were installed in 2017.
- CityLink celebrated the 30th Anniversary of the Stuff-A-Bus food drive to benefit the Peoria Friendship House of Christian Service in 2017. More than 10 tons of donations were collected during the 30th Anniversary Celebration.

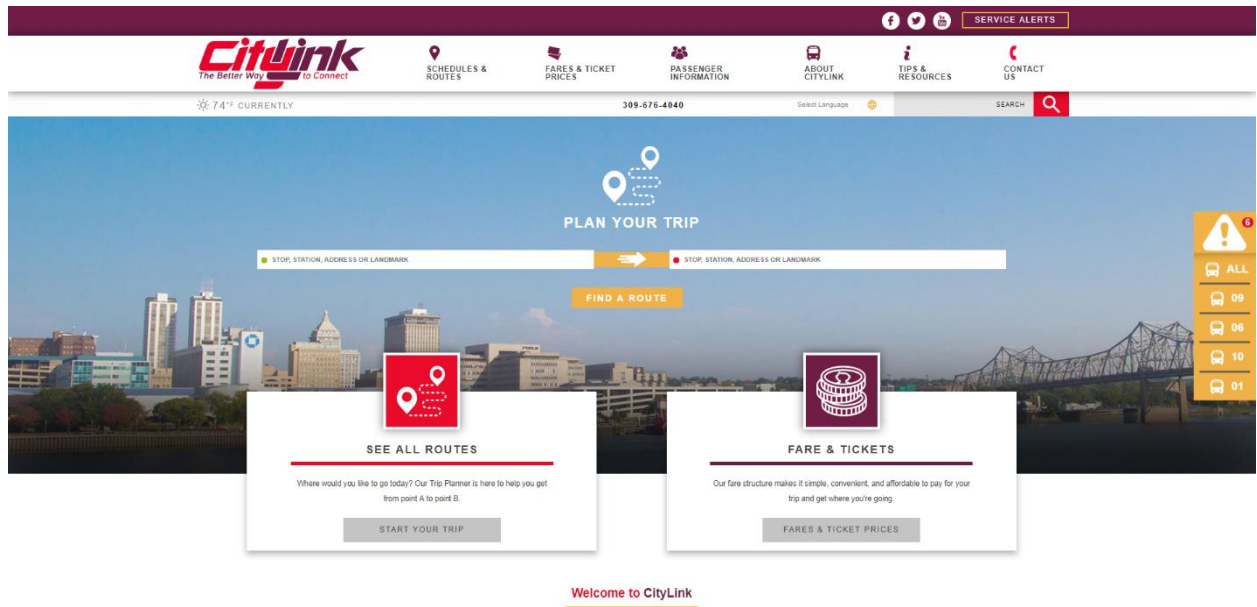


Picture of 2017 New Flyer Hybrid 40-ft Bus design

2018 –

- CityLink donated a 35-foot Gillig diesel bus to the Diesel Powered Equipment Technology (DPET) program at Illinois Central College for educational purposes.
- CityLink continued its partnership with the Peoria Chiefs to offer a discount for Chiefs tickets on Monday through Thursday game days all season long. Fans that presented a bus pass at the box office at Dozer Park are able to receive up to 4 tickets at \$5 each all season long.
- New bus camera surveillance equipment was installed to update the camera surveillance system to high definition cameras for increased passenger and operator safety.
- Art Bell was named Chair of the GPMTD Board of Trustees for a one-year term in May 2018.
- CityLink offered free rides to passengers traveling with a bicycle on fixed route buses for the first time to celebrate National Bike to Work Week on May 14, 2018 - May 18, 2018. This celebration was in conjunction with CityLink's continued support of the local non-profit bicycle advocacy organization, Bike Peoria.
- Remodeling began at the Transit Center, including updates to the public restrooms; updates to the drivers' breakroom and restrooms; updates to the lobby, such as painting; new flooring, modified seating and the installation of new digital signage in the lobby area; reconfiguration of the CityLink and Burlington Trailways offices located at the Transit Center.
- GPMTD received \$3.6 Million Grant from the FTA for the construction of a new operations and maintenance facility.
 - One of 139 projects selected nationwide that will be funded by the FTA's Buses and Bus Facilities Infrastructure Investment Program.
- A new bus shelter was installed on Sterling Avenue near the new Portillo's restaurant.

- Received three sets of new mobile bus lifts that allows maintenance staff to raise buses inside or outside of the garage to facilitate repairs underneath the vehicles.
- GPMTD applied for Low-No grant money from the U.S. Department of Transportation to assist in the purchase of six new all-electric battery powered buses.
- Launched a newly redesigned website with a modern, user-friendly and innovative design that includes the use of Google Maps interactive features for a more user-focused experience on the schedules and routes page. It also features a trip planner on the homepage that utilizes Google Maps.



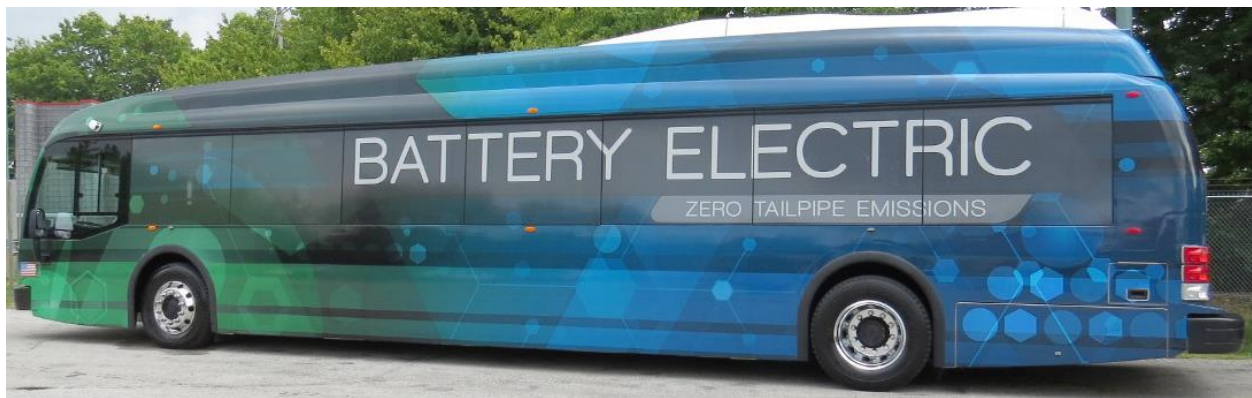
2019 –

- GPMTD welcomed Angel Marinich as Assistant General Manager of Operations and Nick Standefer as Assistant General Manager of Maintenance.
- CityLink buses began picking-up and dropping-off passengers only at signed bus stop locations, designated CityLink benches and shelters for the routes located in Peoria, Peoria Heights and West Peoria. This change was an effort to improve passenger safety and the overall customer satisfaction of bus service.
- CityLink participated in a study of downstate transportation operations completed by the Chaddick Institute for Metropolitan Development at DePaul University. Upon completion of the study, CityLink received praise for Municipal Excellence in transit planning, including:
 - Highest rates of transit ridership on a per person basis in the state
 - Commitment to starting and maintaining Sunday bus service
 - Downtown Peoria Transit Center is well maintained and in a good location for both work and entertainment
- GPMTD received a \$2.32 million grant from the Federal Transit Administration (FTA) as part of the Low or No Emission (Low-No) Bus Program.
 - CityLink plans to use these funds to purchase two battery-electric buses and a charging station.

- CityLink joined with public transportation systems nationwide to participate in the inaugural National Get on Board Day on April 25 by hosting a press conference/rally. Sponsored by the American Public Transportation Association (APTA), National Get on Board Day is a day that encourages people to support public transportation and showcase the benefits it brings to communities.
- GPMTD contracted with Nelson\Nygaard Consulting to complete a Comprehensive Operational Analysis transit study, called CityLink on the Move. The outcome of this study offered a five-year service improvement plan that GPMTD will use when evaluating future route and service changes.
- GPMTD entered into a contract with Avail Technologies for Intelligent Transportation System (ITS) Solutions, which includes:
 - Automatic Vehicle Location (AVL) Software – Provides the customer real-time information on the location of vehicles so they will be able to see when they will be arriving at their intended stop.
 - Automatic Voice Annunciation (AVA) Software – Verbally and digitally announces the next stop and offers a rolling digital sign telling the upcoming stop.
 - Automatic Passenger Counters (APC) Software – Has the ability to improve the accuracy and reliability of tracking transit ridership.
 - Interactive Voice Response (IVR) Software - Is an automated telephone system technology that interacts with the callers, gathers the required information and routes the calls to the appropriate recipient.
- Remodeling began at the Transit Center, including updates to the public restrooms; updates to the drivers' breakroom and restrooms; updates to the lobby, such as painting; new flooring, modified seating and the installation of new digital signage in the lobby area; reconfiguration of the CityLink and Burlington Trailways offices located at the Transit Center.
- District has signed inter-governmental agreement with Peoria County to take over its operation of public transportation service in rural / non-urbanized area. Effective Fiscal year 2019, DOAP (downstate Operating Assistance) and Section 5311 funding assistance previously provided to the County will be granted to District in the foreseeable future.

THE FUTURE

- Implementation of the aforementioned ITS Solutions is expected in spring/summer 2020.
- Purchase and receipt of the aforementioned battery-electric buses and charging station is expected in late 2020 or early 2021.
- Renovation of the current bus service lane is estimated to begin in December 2019, and it is expected to be completed in early 2020. This is phase I of the maintenance/operations/administration facility renovation/construction project in which GPMTD received a \$3.6 Million Grant from the FTA in 2018.
- Exploring funding opportunities for a bus collision avoidance system, which has similar features to the collision avoidance systems found in many contemporary motor vehicles.
- GPMTD will celebrate its 50th Anniversary in 2020 with public events planned. More details will be shared once available.
- Continual updating of routes and service is a top priority to make CityLink synonymous with meeting regional bus transportation needs.



COMMITMENT TO THE COMMUNITY



- Under the oversight of the GPMTD Board of Trustees, the CityLink ADA committee is composed of private citizens and representatives of agencies who provide services to individuals with disabilities. The committee seeks to provide solutions for transportation issues and concerns that impact the disabled community.
- Since 2009, GPMTD has joined with local Peoria schools, nearby colleges and private donors in a nationally recognized program called the Peoria Promise program. Peoria Promise is a donor-supported program that offers higher education scholarships to local students who meet attendance and grade standards.
- In addition, GPMTD donates up to \$5,000 in bus passes per year to churches and non-profit agencies who provide social and employment services to residents in CityLink service area.
- GPMTD actively participates and engages with local government and transportation agencies to develop comprehensive transportation planning.

- GPMTD partners with schools and agencies to provide transportation training to individuals with disabilities.
- Through the annual Stuff-A-Bus food drive, GPMTD partners with local businesses and media organizations to collect food to benefit the Peoria Friendship House of Christian Service. The food drive was initiated 32 years ago. Since 1999 GPMTD has collected more than 244,000 pounds of food to feed hungry families in Peoria. (Picture below)



Picture of Stuff-A-Bus

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the dedicated services of the GPMTD's Financial Staff. We want to express our appreciation to all the staff members who assisted and contributed to the preparation of this report. In addition, credit must be given to the Board of Trustees for its continued support for maintaining the highest standards of professionalism in the management of GPMTD's finances.

Respectfully submitted,

Doug Roelfs
General Manager

Christine Feng, CPA, MBA, CGMA
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Greater Peoria Mass Transit District
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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**GREATER PEORIA MASS TRANSIT DISTRICT
BOARD OF TRUSTEES**

GPMTD is currently governed by a five-member board. Each board member serves a four-year term with staggered expiration dates. The first Board of Directors formed the Greater Peoria Mass Transit District (GPMTD) on May 4, 1970. The District consists of the Village of Peoria Heights, West Peoria Township and the City of Peoria.

Mayors of each of the three jurisdictions making up the District (the City of Peoria, the City of West Peoria and the Village of Peoria Heights) are entitled to appoint one District Board member for each 100,000 citizens (or portion thereof) residing in their area.



Arthur Bell

Chair

Representing
City of Peoria
7/11/2005



Jennifer Lee

Vice Chair

Representing
City of Peoria
2/14/2017



Maxine Wortham

Treasurer

Representing
City of Peoria
2/7/2006



Sharon McBride

Secretary

Representing
West Peoria Township
5/5/1997



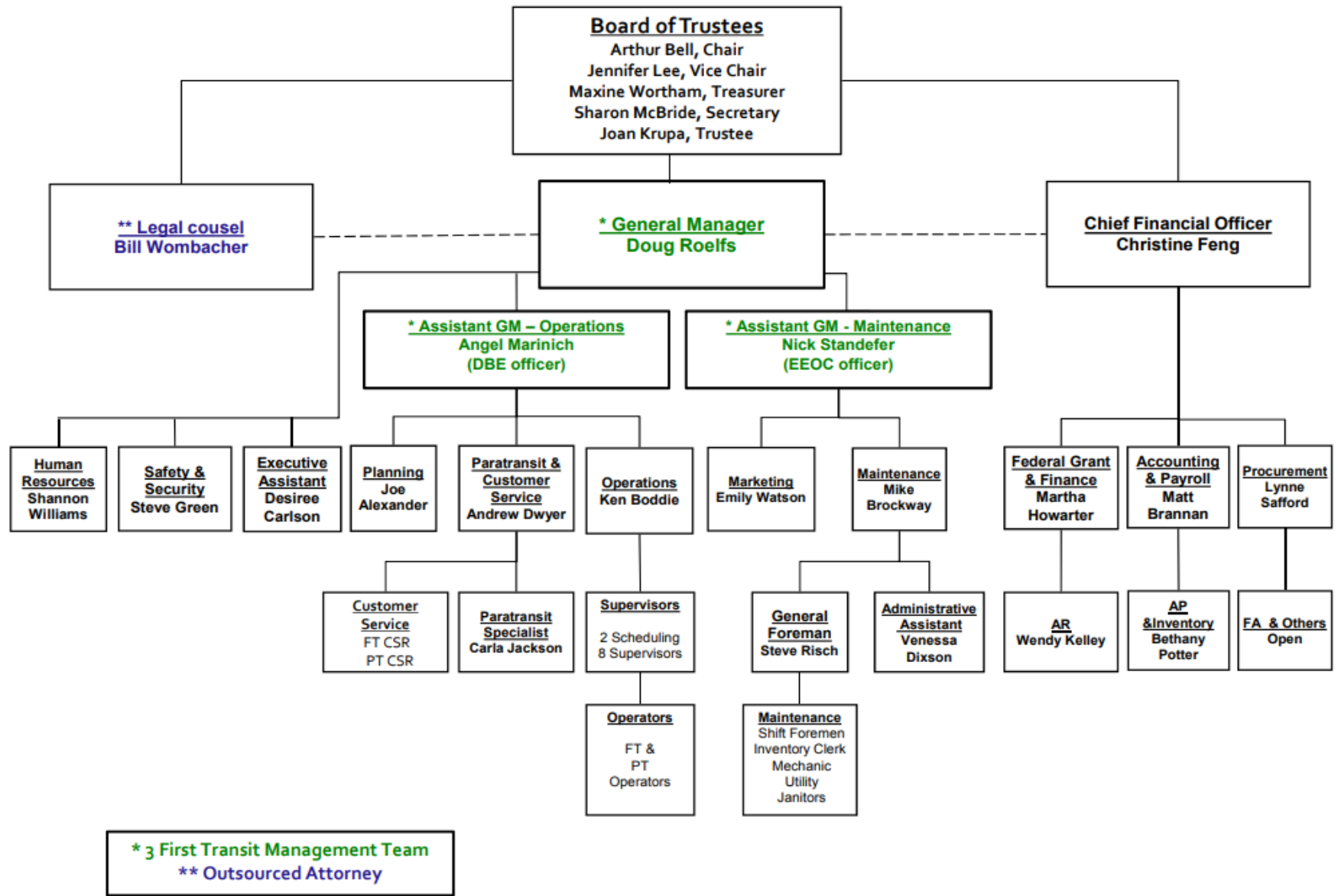
Joan Krupa

Trustee

Representing
Peoria Heights
2/3/2015

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FY2020 GREATER PEORIA MASS TRANSIT DISTRICT ORGANIZATIONAL CHART



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GENERAL INFORMATION

Who We Serve...

People who work, take classes, go to church, need a doctor, want to shop, enjoy recreation and socializing, like to read, want to carpool and hate finding a place to park...kids to senior...those with vehicles and those without.

What We Do...

Take people where they want and need to go, pick them up and drop them off at designated places and times, offer interaction with friendly drivers and passengers and provide a link from one community to another.

Where We Go...

More than 25 shopping centers, 2 airports, 75 plus schools, 4 hospitals, multiple walk-in medical clinics, over 25 nursing homes and retirement centers, over 50 apartment complexes, 8 golf courses, public swimming pools, theaters, museums, and parks in 8 communities...just to name a few.

Mission Statement

The Greater Peoria Mass Transit District (CityLink) provides an environmentally friendly and customer-focused transportation service that connects people to places in an efficient and safe manner.

Vision Statement

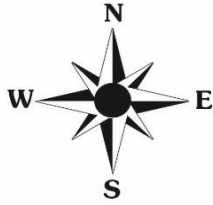
Greater Peoria Mass Transit District is a regional leader in the movement of people focused on providing a safe environment and reliable transportation. We are proactive leaders in providing creative solutions by a dedicated, committed, highly motivated team, who produces delighted customers.

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GREATER PEORIA MASS TRANSIT DISTRICT

CITYLINK

ROUTE MAP

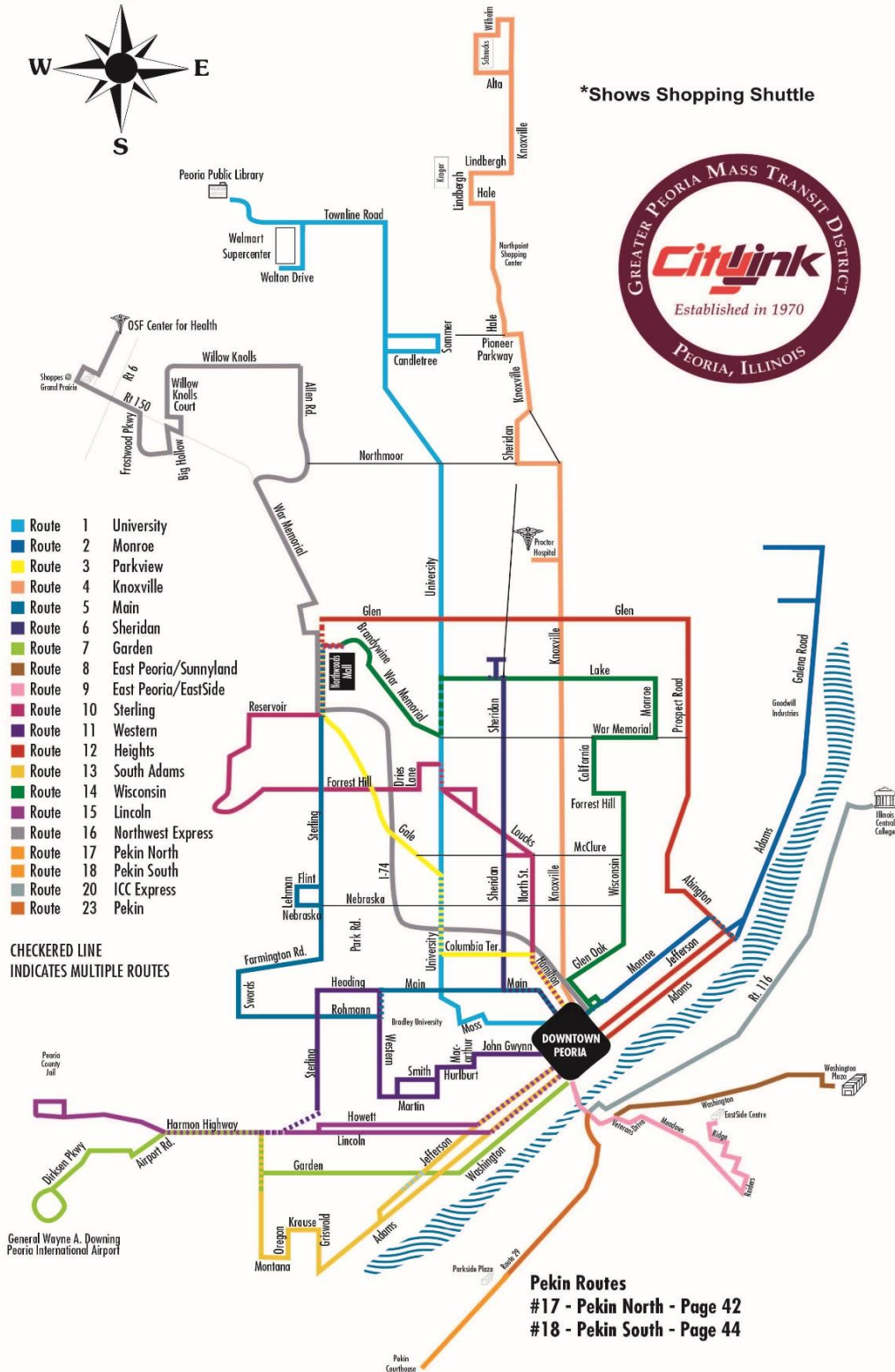


*Shows Shopping Shuttle



- Route 1 University
- Route 2 Monroe
- Route 3 Parkview
- Route 4 Knoxville
- Route 5 Main
- Route 6 Sheridan
- Route 7 Garden
- Route 8 East Peoria/Sunnyland
- Route 9 East Peoria/EastSide
- Route 10 Sterling
- Route 11 Western
- Route 12 Heights
- Route 13 South Adams
- Route 14 Wisconsin
- Route 15 Lincoln
- Route 16 Northwest Express
- Route 17 Pekin North
- Route 18 Pekin South
- Route 20 ICC Express
- Route 23 Pekin

CHECKERED LINE
INDICATES MULTIPLE ROUTES



Pekin Routes
#17 - Pekin North - Page 42
#18 - Pekin South - Page 44

Princeville

Dunlap

Peoria

Spring Bay

Bay View Gardens

Germantown Hills

Peoria Heights

Peoria

Norwood

West Peoria

West Peoria

Bellevue

Bellevue

East Peoria

Washington

Bartonville

Creve Coeur

Morton

Marquette Heights

North Pekin

Pekin

Pekin

Mapleton

Kingston Mines

Greater Peoria Urbanized Service Area

TCRPC
Projection: State Plane NAD83 IL West
Source: GPMTO
July 23, 2014

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GREATER PEORIA MASS TRANSIT DISTRICT

Financial Section

The Financial Section Includes:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenue, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements
- Required Supplementary Information



Entrance to Administrative Building

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.336

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Greater Peoria Mass Transit District
Peoria, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Peoria Mass Transit District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2019, and the changes in financial position and the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical section, and supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of those basic financial statements. The schedules of revenue and expense under Downstate Operating Assistance Grant OP-19-02-IL and the 5311 Operating Assistance Grant OP-19-00-FED are presented for purposes of additional analysis as required by the Illinois Department of Transportation, and are also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Predecessor's Independent Auditor's Report

The accompanying financial statements of the Greater Peoria Mass Transit District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, were audited by other auditors whose report dated October 23, 2018, expressed an unmodified opinion on those financial statements. That record included an emphasis of matter paragraph indicating that the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Their opinion was unmodified with respect to the adoption. We did not audit such financial statements and, accordingly, we do not express an opinion or any other form of assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sikich LLP

Springfield, Illinois
November 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

The management of the Greater Peoria Mass Transit District (District) offers all persons interested in the financial position of the District this narrative overview and analysis of the District's financial performance during the fiscal years ending June 30, 2019 and 2018. You are invited to read this narrative in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Greater Peoria Mass Transit District provides economic, social, and environmental benefits to the community through progressive, customer-focused transportation service by combining state of the art equipment and facilities with professional, well trained staff.

The District provides bus service to several communities in the Greater Peoria area with a current active fleet of 53 transit buses. Passengers are provided access to a state of the art transit center in downtown Peoria that features both daycare services and intercity bus connections. The District also provides paratransit services through a purchase of service contract with the contractor using and maintaining the District's fleet of 36 paratransit vans.

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. Management's Discussion and Analysis serves as an introduction to the District's basic financial statements. The District's financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred.

The basic financial statements are comprised of four components: Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements.

DISTRICT FINANCIAL HIGHLIGHTS

As of June 30, 2019, 2018 and 2017, total assets plus deferred outflows of the District exceeded total liabilities plus deferred inflows by \$40,109,788, \$6,244,396 and \$24,828,551, respectively. The amount of unrestricted net position as of June 30, 2019 was \$22,057,714 compared to (\$13,462,729) as of June 30, 2018, and \$5,106,205 as of June 30, 2017.

The District's net position at June 30, 2019, increased \$33,865,392 from \$6,244,396 to \$40,109,788 from June 30, 2018. The District's net position at June 30, 2018, decreased \$18,584,155 from \$24,828,551 to \$6,244,396 or (74.85%) from June 30, 2017. The decrease is due to the first year GASB 75 implementation for the adjustment of GPMTD's total OPEB obligation.

The District's property tax and replacement tax revenue increased \$270,819 (4.88%) in FY 2019 from FY 2018 and \$209,882 (9.62%) in FY 2018 from FY 2017.

In FY 2019, total operating expenses exceeded total operating revenues resulting in a loss before non-operating revenue and expenses and depreciation expense of \$25,718,307 compared to a loss of \$23,527,963 in FY 2018. In FY 2018, total operating expenses exceeded total operating revenues resulting in a loss before non-operating revenue and expenses and depreciation expense of \$23,527,963 compared to a loss of \$22,993,585 in FY 2017. The District anticipates operating losses, as these losses are subsidized by non-operating property tax, state operating grant and Federal grant revenues.

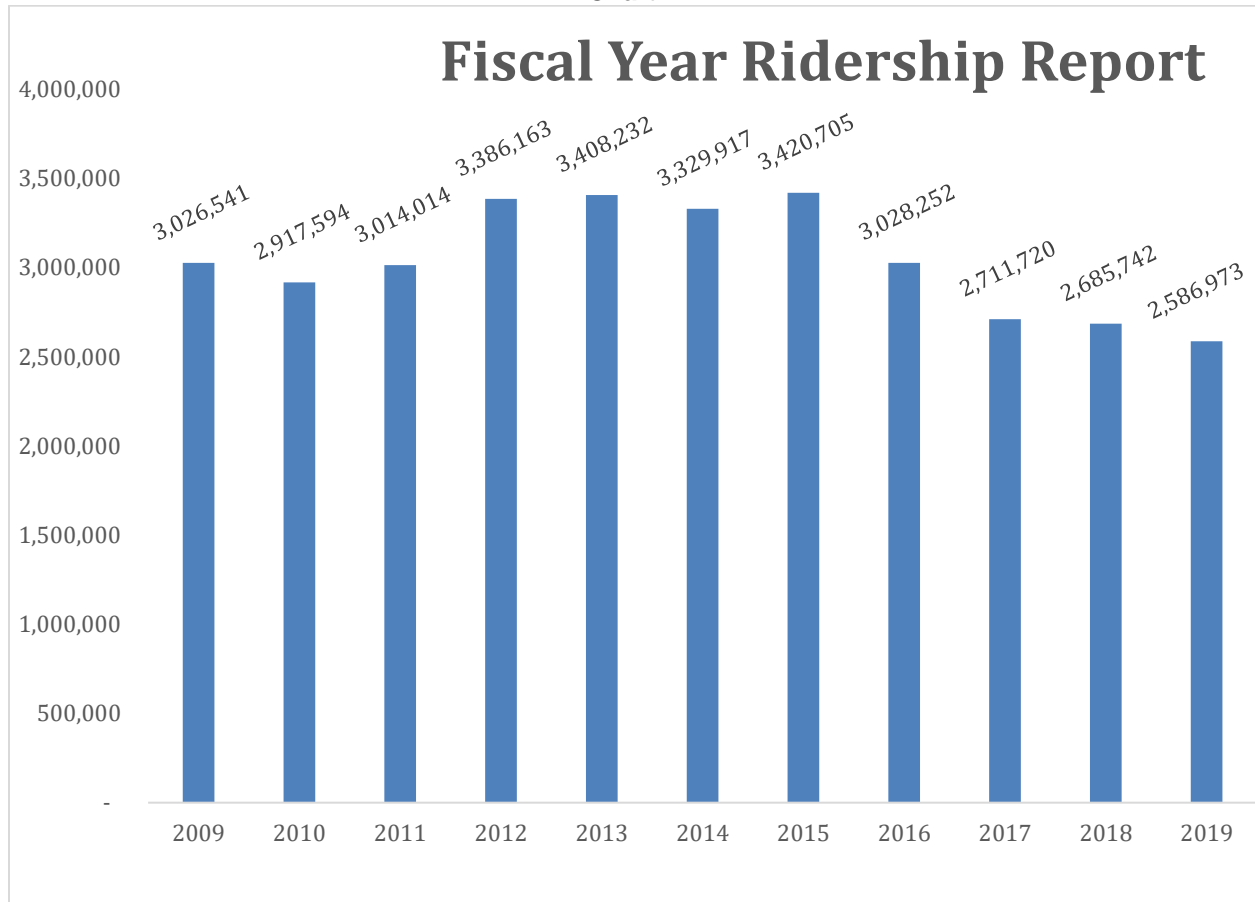
GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended June 30, 2019 and 2018
UNAUDITED

DISTRICT FINANCIAL HIGHLIGHTS (cont.)

The FY 2019 ended with 2,586,973 rides, down 3.68% from 2,685,742 in FY 2018. Chart 1 shows the District's yearly ridership over the past 11 years.

Chart 1



GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

FINANCIAL ANALYSIS

The Statements of Net Position include all the District's assets, deferred outflows of resources, and liabilities and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

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

Table 1 - A
Condensed Statements of Net Position

	FY2019	FY2018	FY2017
Current and Other Assets	\$ 37,721,125	\$ 33,017,931	\$ 32,158,040
Restricted Assets	5,596,765	5,498,804	5,509,847
Capital Assets	17,009,235	18,690,807	19,207,257
Total Assets	60,327,125	57,207,542	56,875,144
Deferred Outflows	\$ 7,415,903	\$ 1,589,583	\$ 3,327,189
Current Liabilities	\$ 4,731,722	\$ 4,669,057	\$ 1,942,733
Liabilities Payable from Restricted Assets	793,261	574,893	4,994,758
Noncurrent Liabilities	20,762,223	43,471,643	27,100,002
Total Liabilities	\$ 26,287,206	\$ 48,715,593	\$ 34,037,493
Deferred Inflows	\$ 1,346,034	\$ 3,837,136	\$ 1,336,289
Net investment in capital assets	\$ 17,009,235	\$ 18,690,807	\$ 19,207,257
Restricted	1,042,839	1,016,321	515,089
Unrestricted	22,057,714	(13,462,732)	5,106,205
Total Net Position	\$ 40,109,788	\$ 6,244,396	\$ 24,828,551

The District's total assets increased from \$57.2 million in FY 2018 to \$60.3 million in FY 2019 and \$56.9 million in FY 2017 to \$57.2 million in FY 2018. The District's total liabilities decreased from \$48.7 million in FY 2018 to \$26.3 million in FY 2019 and increased from \$34.0 million in FY 2017 to \$55.9 million in FY 2018. Current and Other assets increased \$4.7 million (14.24%) from \$33.0 million in FY 2018 to \$37.7 million in FY 2019 and \$0.9 million (2.8%) from \$32.1 million in FY 2017 to \$33.0 million in FY 2018 primarily due to the increase of cash and cash equivalents. Capital assets, net of accumulated depreciation decreased \$1.7 million (9.00%) from \$18.7 million in FY 2018 to \$17.0 million in FY 2019 and \$0.5 million (2.69%) from \$19.2 million in FY 2017 to \$18.7 million in FY 2018. Noncurrent liabilities decreased \$22.7 million (52.24%) from \$43.5 million in FY 2018 to \$20.8 million in FY 2019. The significant decrease in noncurrent liabilities is due to a significant decrease in the total OPEB liability as a result of the District making a change to its retiree health insurance benefits during FY 2019.

The District's net position increased \$33.8 million in FY 2019 from FY2018 and decreased \$18.6 million in FY 2018 from FY 2017 due to the OPEB adjustment in accordance with of GASB No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. The District made a change to its retiree health insurance benefits during FY 2019 causing the large increase in net position.

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

FINANCIAL ANALYSIS (cont.)

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial health.

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

Table 2 - A
Condensed Statements of Revenues, Expenses and Changes in Net Position

	FY 2019	FY 2018	FY 2017
Operating Revenues	\$ 2,883,672	\$ 3,587,274	\$ 3,310,764
Non-Operating Revenues	27,179,440	24,593,261	23,899,348
Total Revenues	30,063,112	28,180,535	27,210,112
Depreciation Expense	3,148,012	2,866,015	2,493,158
Operation and Maintenance Expenses	28,601,979	27,115,237	26,304,349
Total Expenses	31,749,991	29,981,252	28,797,507
Capital Contributions	794,693	2,021,042	3,895,211
Special Items	34,757,578	-	-
Changes in Net Position	33,865,392	220,325	2,307,816
Beginning Net Position	6,244,396	24,828,551	22,520,735
GASB 75 implementation (change of NP)	-	(18,804,480)	-
Net Position End of Year	\$40,109,788	\$ 6,244,396	\$24,828,551

Operating Revenue decreased \$0.71 million in FY 2019 and increased \$0.28 million in FY 2018. Non-operating revenue increased \$2.59 million in FY 2019 and increased \$0.69 million in FY 2018.

The District's operating and maintenance expenses increased by \$1.49 million (5.49%) in FY 2019 from FY 2018. During FY 2018 the District's operating and maintenance expenses increased \$0.81 million (3.08%) from FY 2017.

The information contained in the condensed information table is used as the basis for the revenue and expense discussion presented below; surrounding the District's activities for the fiscal years ended June 30, 2019, 2018, and 2017.

The District reported two special items during FY 2019. \$34.0 million of the total special items represents an infrequent change in the District's OPEB liability as a result of modification of its retiree health insurance plan provisions. The remaining \$0.7 million is the result of the District took full and complete ownership, operational control and management of the CountyLink program from Peoria County, Illinois.

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

FINANCIAL ANALYSIS (cont.)

Table 3 - A
Detailed Revenues and Expenses

	FY 2019	FY 2018	FY 2017
Passenger Fares	\$ 1,520,291	\$ 1,621,219	\$ 1,582,189
Special transit services	314,012	286,373	284,036
East Peoria and Pekin Mass Transit	641,952	1,341,214	1,230,942
Advertising	283,822	241,072	134,517
Other	123,595	97,396	79,080
Total Operating Revenues	2,883,672	3,587,274	3,310,764
Federal	2,364,767	1,888,838	1,879,289
State	18,375,455	17,027,700	16,596,667
Property and Replacement Taxes	5,823,774	5,552,955	5,350,856
Other	615,444	123,768	72,536
Total Non-Operating Revenue	27,179,440	24,593,261	23,899,348
Total Revenues	\$ 30,063,112	\$ 28,180,535	\$ 27,210,112
Salaries	8,732,287	8,195,945	8,166,603
Fringes	9,686,689	9,605,141	9,396,715
Professional Services	6,070,293	5,691,732	5,382,418
Materials and Supplies	2,992,428	2,555,493	2,286,106
Casualty and Liability	535,852	506,948	527,781
Other	584,430	559,978	544,726
Total Operating and Maintenance Expenses	\$ 28,601,979	\$ 27,115,237	\$ 26,304,349

REVENUES

Passenger fares provided 52.72% and 45.19% of the District's total operating revenues in FY 2019 and 2018, respectively. Farebox receipts, Day pass, 30-day pass, Agency pass revenue, and special service fares are included in passenger fares. Passenger fares decreased by \$100,928 in FY 2019 compared to an increase of \$39,030 in FY 2018.

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

FINANCIAL ANALYSIS (cont.)

REVENUES (cont.)

Advertising income includes revenues from advertisements primarily on the inside of the District's buses and external wraps on outside of vehicles. Advertising revenue increased \$42,750 in FY 2019 compared to a \$106,555 increase in FY2018.

Property tax and replacement tax provided 21.4% (\$5,823,774) and 22.58% (\$5,552,955) of the District's total non-operating revenues in FY 2019 and FY 2018 respectively.

State Grant operating assistance increased \$1,347,775 in FY 2019 compared to an increase of \$431,033 in FY 2018.

EXPENSES

Salary/wage and benefit expense are the two largest expense categories. Salary and wage expenses increased by \$536,342 (6.54%) in FY2019 compared to an increase \$29,342 (0.36%) in FY 2018. The increase in salary and wages is due to the new union pay rate of contractual change.

Fringe benefits increased by \$81,548 (.85%) in FY 2019 compared to an increase of \$208,426 (2.22%) in FY 2018. The slight increase in FY 2019 fringe benefit costs is related to the District's adjustment to its OPEB liability based on an actuarial study.

The materials and supplies expense category accounted for 10.5% and 9.4% of the total Operation and Maintenance Expenses in FY 2019 and FY 2018, respectively. Materials and supplies expenses increased \$436,935 (17.1%) in FY 2019 and increased \$269,387 (11.8%) in FY 2018. Due to the age of District's service vehicles, parts expenses increased as expected.

Total service expense category accounted for 21.2% and 21.0% of the total District expenses in FY 2019 and FY 2018, respectively. Total service expense increased \$378,561 (6.65%) in FY 2019 and increased \$309,314 in FY 2018. The increase is due to the new negotiated contract and an increase in the service hours provided by a District contractor.

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

FINANCIAL ANALYSIS (cont.)

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions.

A summary of the District's Statements of Cash Flows is presented in Table 4 – A

Table 4 - A
Condensed Statements of Cash Flows

	FY 2019	FY 2018	FY 2017
Cash received for transit fares and other revenues	\$ 3,481,342	\$ 3,437,135	\$ 3,237,876
Payments to suppliers for goods and services	(9,749,913)	(9,203,048)	(9,191,220)
Payments for salaries and benefits	(15,672,170)	(15,044,018)	(14,607,548)
Cash Flows from Operating Activities	<u>(21,940,741)</u>	<u>(20,809,931)</u>	<u>(20,560,892)</u>
State operating aids	18,246,154	21,137,463	8,690,406
Federal operating aids	2,010,992	1,303,349	1,963,136
Property and income taxes received	5,550,356	5,297,570	5,105,120
Cash Flows from Noncapital Financing Activities	<u>25,807,502</u>	<u>27,738,382</u>	<u>15,758,662</u>
Capital grants received	794,693	2,621,467	3,439,806
Purchase of capital assets	(1,099,334)	(2,349,565)	(4,589,397)
Proceeds from sale of capital assets	2,500	64,282	22,505
Cash Flows from Capital and Related Financing Activities	<u>(302,141)</u>	<u>336,184</u>	<u>(1,127,086)</u>
Cash Flows from Investing Activities	<u>(7,836,591)</u>	<u>46,448</u>	<u>37,091</u>
Net Change in Cash and Cash Equivalen	(4,271,971)	7,311,083	(5,892,225)
CASH AND CASH EQUIVALENTS			
Beginning of Year	<u>29,030,640</u>	<u>21,719,557</u>	<u>27,611,782</u>
CASH AND CASH EQUIVALENTS			
END OF YEAR	<u><u>\$ 24,758,669</u></u>	<u><u>\$ 29,030,640</u></u>	<u><u>\$ 21,719,557</u></u>

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

CAPITAL ASSET ANALYSIS

A summary of the District's Condensed Statement of Capital Assets is presented in Table 5 - A.

Table 5 - A
Condensed Statement of Capital Assets

	FY 2019	FY 2018	FY 2017
Land	\$ 1,881,735	\$ 1,855,709	\$ 1,861,749
Building	11,786,576	11,801,164	11,786,576
Building and Improvements	1,888,465	1,873,532	1,669,232
Revenue Vehicles	23,610,419	22,849,157	25,467,358
Service Vehicles	682,765	682,765	609,396
Shop & Garage Equipment	961,500	807,441	807,441
Furniture & Office	264,817	264,817	264,817
Communication Equipment	1,073,303	1,073,303	1,030,713
Miscellaneous	1,449,798	1,207,172	1,204,550
Construction in progress	236,499	-	-
	<u>43,835,877</u>	<u>42,415,060</u>	<u>44,701,832</u>
Less: Accumulated Depreciation	<u>26,826,642</u>	<u>23,724,253</u>	<u>25,494,575</u>
Total Net Capital Assets	<u>\$ 17,009,235</u>	<u>\$ 18,690,807</u>	<u>\$ 19,207,257</u>

Capital Assets consist of land, buildings, vehicles, office and shop supplies, miscellaneous equipment and construction in progress, net of accumulated depreciation. As of June 30, 2019, 2018 and 2017, the District had invested \$43.8 million, \$42.4 million, and \$44.7 million, respectively. Accumulated depreciation at June 30, 2019, 2018 and 2017 was \$26.8 million, \$23.7 million, and \$25.5 million, respectively. In FY2019 District completed/purchased the following projects/items: Mobile Surveillance Camera System, 5 Paratransit Vehicles, and 10 Additional Radios. In FY2018 District had bus shelter installations, installed Boiler system at Transit Center, purchased support vehicles, installed surveillance system, and purchased 31 Medium Duty Paratransit vehicles.

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

CAPITAL ASSET ANALYSIS (cont.)

The District has also identified capital projects that are in progress at the end of FY19 or are planned to begin in the future:

- the Comprehensive Operational Analysis
- HVAC system-Admin, ,
- 39 bus stop improvements
- 3 Mobile Bus Lifts
- Forklift
- 2 Rider Sweeper/Scrubber
- Skid Steer
- Scissor Lift
- Trailer Skid Loader
- On Vehicle Disc Brake Lathe
- Dual Wheel Dolly
- Diagnostic A/C – Robinair
- Parts Washer
- 72" Sweeper Attachment – Skid Loader
- Attachments – snowblower & Blade
- Transit Center Remodel
- AVL System
- Bus Wash Equipment
- Fuel Monitoring System
- Phase 1 Maintenance Operations. Admin
- Collision Avoidance System
- Paratransit Software
- Intercom System Replacement
- Additional Bus stop Improvements
- 6 Medium Duty Vehicles
- Tow Truck
- Service Vehicle
- HVAC replacement at Day Care Center
- Paratransit Camera System
- Electric Bus
- Electric Bus Charging System

For further details regarding capital assets, please see Note 4 to the financial statements.

GREATER PEORIA MASS TRANSIT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018 UNAUDITED

CURRENT KNOWN ECONOMIC CONDITIONS AND FACTS

The District's two most significant financial partners face some uncertainty regarding their willingness and/or ability to maintain financial commitments at existing levels.

The State of Illinois "Transit Downstate Operating Assistance Program" has traditionally reimbursed 65% of eligible operating assistance.

The District has adopted the policy of assuming that future federal and state funding levels will remain constant until advised otherwise. The District has taken steps to improve operating efficiencies, closely examine options to filling existing and future positions and reduce non-essential spending. Other options including seeking additional revenues from operations and further cost savings options are currently under review depending on the future of federal and state programs.

Financial Planning

The District is current planning and implementing the project of replacement of maintenance, operation and administration facilities. The District's short-term and long-term plans include a staggered vehicle replacement schedule to avoid major financial impacts in any given year and incremental facility upgrades and minor capital item replacements or improvements.

Highlights of the Long-term budget plan include the replacement of additional 25 35-ft buses (estimated cost: \$10 million) and additional of north side transit center construction (estimated cost: \$5 million).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our interested parties with a general overview of the District's finances and to demonstrate District's accountability for the fund it receives. If you have questions about this report, or need additional financial information, an inquiry should be addressed, in writing to: General Manager or Chief Financial Officer, Greater Peoria Mass Transit District, 2105 NE Jefferson Avenue, Peoria, IL 61603.

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GREATER PEORIA MASS TRANSIT DISTRICT

STATEMENTS OF NET POSITION

As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and repurchase agreement	\$ 22,703,656	\$ 27,095,198
Investments	8,437,039	-
Restricted assets		
Cash and repurchase agreement	2,055,013	1,935,442
Certificates of deposit	421,006	419,432
Property taxes receivable	3,058,000	3,080,650
Interest receivable	4,151	-
Prepaid expenses	58,595	63,280
Accounts receivable		
Property and replacement taxes receivable	2,686,809	2,390,741
Federal grants receivable	2,180,302	1,826,527
State operating grants receivable	544,660	316,280
Due from other governments	482,169	665,941
Other receivables	98,192	166,166
Materials and supplies inventories	588,298	557,078
Total current assets	<u>43,317,890</u>	<u>38,516,735</u>
CAPITAL ASSETS		
Capital assets, not being depreciated	2,118,234	1,855,709
Property and equipment	41,717,643	40,559,351
Less: accumulated depreciation	<u>(26,826,642)</u>	<u>(23,724,253)</u>
Total capital assets	<u>17,009,235</u>	<u>18,690,807</u>
 Total Assets	 <u>60,327,125</u>	 <u>57,207,542</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferred outflows	5,107,974	1,589,583
OPEB deferred outflows	2,307,929	-
Total deferred outflows of resources	<u>7,415,903</u>	<u>1,589,583</u>
 Total assets and deferred outflows of resources	 <u>\$ 67,743,028</u>	 <u>\$ 58,797,125</u>

See accompanying notes to financial statements.

GREATER PEORIA MASS TRANSIT DISTRICT

STATEMENTS OF NET POSITION (Continued)

As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,102,666	\$ 861,408
Payable to State of Illinois	1,839,654	1,740,575
Accrued payroll and compensated absences	1,060,838	1,040,769
Estimated payable for claims and losses employee health insurance	88,952	74,851
Payable from restricted assets Estimated payable from claims and losses workers' compensation	715,331	471,134
Other accrued expenses	77,930	103,759
Current portion of total OPEB liability	<u>639,612</u>	<u>951,454</u>
Total current liabilities	<u>5,524,983</u>	<u>5,243,950</u>
NONCURRENT LIABILITIES		
Total OPEB liability	13,511,213	41,475,940
Net Pension Liability	<u>7,251,010</u>	<u>1,995,703</u>
Total Noncurrent Liabilities	<u>20,762,223</u>	<u>43,471,643</u>
 Total Liabilities	 <u>26,287,206</u>	 <u>48,715,593</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferred inflows	<u>1,346,034</u>	<u>3,837,136</u>
Total deferred outflows of resources	<u>1,346,034</u>	<u>3,837,136</u>
NET POSITION		
Net Invested in capital assets	17,009,235	18,690,807
Restricted	1,042,839	1,016,321
Unrestricted	<u>22,057,714</u>	<u>(13,462,732)</u>
TOTAL NET POSITION	 <u><u>\$ 40,109,788</u></u>	 <u><u>\$ 6,244,396</u></u>

See accompanying notes to financial statements.

GREATER PEORIA MASS TRANSIT DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Passenger fares	\$ 1,520,291	\$ 1,621,219
Special transit services	314,012	286,373
East Peoria Mass Transit District, City of Pekin & Peoria County	641,952	1,341,214
Advertising	283,822	241,072
Other	123,595	97,396
Total operating revenues	<u>2,883,672</u>	<u>3,587,274</u>
OPERATING EXPENSES		
Salaries and fringe benefits	18,418,976	17,801,086
Purchased services	1,865,231	1,537,050
Fuel and lubricants	1,387,242	1,240,554
Materials and supplies	1,469,197	1,211,866
Utilities	200,808	200,748
Casualty and liability costs	535,852	506,948
Tires and tubes	135,989	103,073
Travel and business meeting expenses	81,121	102,920
Dues and subscriptions	45,466	49,545
Purchased transportation	4,205,062	4,154,682
Other	257,035	206,765
Total operating expenses	<u>28,601,979</u>	<u>27,115,237</u>
Operating loss before depreciation	(25,718,307)	(23,527,963)
DEPRECIATION	<u>3,148,012</u>	<u>2,866,015</u>
Operating loss	<u>(28,866,319)</u>	<u>(26,393,978)</u>
Sales commissions	10,923	11,445
Grants		
State of Illinois - Downstate Public Transportation Assistance		
Program Operating assistance	18,375,455	17,027,700
Federal Transit Administration		
Maintenance assistance	1,490,515	1,273,556
Operating assistance	726,509	615,282
Rural transportation assistance	147,743	-
Investment income	602,021	48,041
Property and replacement taxes	5,823,774	5,552,955
Gain on disposal of capital assets	2,500	64,282
Total non-operating revenues	<u>27,179,440</u>	<u>24,593,261</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEMS	(1,686,879)	(1,800,717)
CAPITAL CONTRIBUTIONS	<u>794,693</u>	<u>2,021,042</u>
SPECIAL ITEMS		
Transfer of rural transit operations	706,259	-
Gain on change in OPEB plan	34,051,319	-
Total special items	<u>34,757,578</u>	<u>-</u>
CHANGE IN NET POSITION	33,865,392	220,325
NET POSITION - Beginning of Year	6,244,396	24,828,551
Change in accounting principle	-	(18,804,480)
NET POSITION - END OF YEAR	<u>\$ 40,109,788</u>	<u>\$ 6,244,396</u>

See accompanying notes to financial statements.

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GREATER PEORIA MASS TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for transit fares and other revenues	\$ 3,481,342	\$ 3,437,135
Payments for salaries and benefits	(15,672,170)	(15,029,496)
Payments to suppliers for goods and services	(9,749,913)	(9,217,570)
Net Cash Flows From Operating Activities	<u>(21,940,741)</u>	<u>(20,809,931)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State operating aids	18,246,154	21,137,463
Federal operating aids	2,010,992	1,303,349
Property and income taxes received	5,550,356	5,297,570
Net Cash Flow Form Noncapital Financing Activities	<u>25,807,502</u>	<u>27,738,382</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	794,693	2,621,467
Purchase of capital assets	(1,099,334)	(2,349,565)
Proceeds from sale of capital assets	2,500	64,282
Net Cash Flows From Capital and Related Financing Activities	<u>(302,141)</u>	<u>336,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of certificates of deposit	419,432	417,839
Purchase of certificates of deposit	(421,006)	(419,432)
Purchase of other investments	(8,437,039)	-
Interest received	602,022	48,041
Net Cash Flows From Investing Activities	<u>(7,836,591)</u>	<u>46,448</u>
Net Change in Cash and Cash Equivalents	(4,271,971)	7,311,083
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>29,030,640</u>	<u>21,719,557</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 24,758,669</u></u>	<u><u>\$ 29,030,640</u></u>

See accompanying notes to financial statements.

GREATER PEORIA MASS TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating loss	\$ (28,866,319)	\$ (26,393,978)
Nonoperating Revenue		
Sales commissions	10,923	11,445
Noncash items included in operating loss		
Depreciation	3,148,012	2,866,015
Change in Assets and Liabilities		
Due from other governments and other receivables	586,747	(161,584)
Materials and supplies inventory	(31,220)	(54,928)
Prepaid expenses	4,685	(4,671)
Accounts payable	241,258	19,773
Post retirement obligations	2,712,635	2,757,068
Accrued wages and benefits	20,069	27,070
Other accrued expenses	(25,829)	(10,599)
Estimated payable for claims and losses	<u>258,298</u>	<u>134,458</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (21,940,741)</u></u>	<u><u>\$ (20,809,931)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO		
STATEMENT OF NET POSITION ACCOUNTS		
Cash and repurchase agreement	\$ 22,703,656	\$ 27,095,198
Restricted cash and repurchase agreement	<u>2,055,013</u>	<u>1,935,442</u>
CASH AND CASH EQUIVALENTS	<u><u>\$ 24,758,669</u></u>	<u><u>\$ 29,030,640</u></u>

See accompanying notes to financial statements.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Greater Peoria 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 organized May 4, 1970 and approved by a subsequent voter referendum. The organization was formed in accordance with the state law entitled *Local Mass Transit District Act*. Revenues are substantially generated as a result of taxes assessed, charges for services performed, and governmental grants. Revenues are therefore dependent on the economy within the territorial boundaries of the District and nearby surrounding area and the appropriations of grant entitlements at the federal and state government level. Taxable industry within the area is primarily manufacturing and retail. The surrounding area has a substantial agricultural base. Additionally, there are large nonprofit employers such as hospitals and other local governments within the District.

The District does not meet the definition of a component unit of a primary government under the requirements of Government Accounting Standards board Statement No. 61, *The Financial Reporting Entity: an amendment of GASB Statements No. 14 and No. 34*. In addition, there are no organizations which are financially accountable to the District that would require consideration as component units of the District under the standards referred to above. Therefore, the District is considered a standalone government, fiscally independent of other units of government.

The governing Board of the District consists of five appointed trustees. Three trustees are appointed by one municipality and one trustee is appointed by each of two additional municipalities. The municipalities’ responsibilities do not extend beyond the appointment process. None of the appointing municipalities has the ability to impose its will on the District after the appointment of the trustees, in that appointing municipalities cannot (1) remove appointed trustees at will, (2) modify or approve the budget of the District, (3) modify or approve rate or fee changes of the District, (4) veto, overrule, or modify the decisions of the District Board of Trustees, or (5) appoint, hire, reassign, or dismiss persons responsible for day-to-day operations (management) of the District. Therefore, the District is considered to be a special purpose government with the financial reporting properties of a primary government.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounts of the District are organized and maintained in a single fund, the enterprise fund (proprietary fund type). Periodic determination of revenues earned, expenses incurred, and net income (loss) is deemed appropriate for management accountability.

Basis of accounting defines when revenue and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of their recognition. The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider are met. Expenses are recorded at the time liabilities are incurred.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District’s on-going operations. The principal operating revenues of the District are charges for services (fares) and contracts with other local governments for services provided. Operating expenses for the District include costs of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)

In June 2015, the GASB issued Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57 OPEB Measurements by Agent Employers and Agent Multi-Employer Plans, for OPEB. This standard was implemented July 1, 2017.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

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

Cash and Investments

For purposes of the statements of cash flows, all highly liquid investments (including restricted assets) with a maturity, at the date of purchase, of three months or less are considered to be cash equivalents. Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses on marketable securities are computed using the specific identification method. Certificates of deposit and repurchase agreements are stated at fair value. (The repurchase agreements are overnight sweep accounts). Income is recognized on the accrual basis of accounting. At June 30, 2019 and 2018, the certificates of deposit are not considered cash equivalents. However, all of the U.S. Government security overnight repurchase agreements are considered cash equivalents. The types of investments allowed are regulated by Illinois State laws and are listed in Note 3.

Property Taxes Receivable

Property taxes receivable represents amounts payable to the District as of year-end for fiscal 2019 and 2018 revenues.

Accounts Receivable

Substantially all District receivables are due from government units and are considered to be fully collectible. See Note 8 for a description of the allowance for potentially uncollectible grants.

Inventories

Material and supplies inventories consist of mechanical parts and supplies, and fuel and are reported at cost using the weighted-average cost method of inventory valuation.

Prepaid Expenses

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

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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

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

Capital Assets and Depreciation

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives three to forty years. The cost of maintenance and repairs is expensed as incurred; significant renewals and improvements are capitalized. The useful lives of capital assets are estimated as follows:

	YEARS
Building	40
Building Improvements	10-20
Service Vehicles	5-12
Major Movable Equipment/Machinery	5-10
Computers/Software	5
Furniture/Equipment	3-10

The District records all capital items, which are individually greater than \$5,000, with a useful life of at least one year, as capital assets.

Other Post-employment Benefit Obligation (OPEB)

The District provides post- employment health insurance benefits to all eligible employees. The obligation for these benefits, as computed by an actuary, is recorded in accordance with the provisions of GASB Statement No. 75; see Note 6.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF or the "Fund") and additions to /deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. 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. Details are included in Note 5.

Provision for Uninsured Claims

Claims for uninsured losses are reported in the financial statements based upon the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, claims adjustment expenses expected to be incurred in connection with the settlement of unpaid claims are accrued at the time the liability for the underlying claim is recognized; see Note 7.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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

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

Compensated Absences

District personnel earn vacation and sick time in varying amounts depending on length of service with the District. Vested or accumulated vacation and sick leave is recorded as an expense and liability as the benefits accrue to employees.

Payable to State of Illinois

The District has recorded a payable to the State of Illinois for costs reimbursed by the Illinois Department of Transportation (IDOT) which were later deemed ineligible. At June 30, 2019 and 2018 the payable is shown net of operating receivables from IDOT related to other fiscal years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows and inflows relate to the implementation of GASB Statement No. 68 for pensions and GASB Statement No. 75 for OPEB. Details of the accounts are included in Notes 5 and 6.

Net Position

GASB No. 34 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- *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 investment 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 and 2018.
- *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* – The component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

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

REVENUE AND EXPENSES

Property Taxes

The District's property taxes are levied each year on all taxable real property located within the District on or before the last Tuesday in December. The annual tax levy ordinance for 2018 taxes due and payable by the taxpayers in 2019 was passed in July 2018. Property taxes attach an enforceable lien and are extended against the assessed valuation of the District on January 1. Normally, taxes are due and payable in two installments in June and September at the County Collector's office. Sale of taxes on any uncollected amounts is prior to November 30 or shortly thereafter by the County Collector's office. Final distribution to all taxing bodies is usually made no later than the first quarter of the next calendar year by the County Collector's office. Revenue from property taxes are recognized in the period they are intended to finance, which is the fiscal year after the tax levy year. Property tax revenue recognized in fiscal year 2019 by the District represents the 2018 tax levy due and payable by the taxpayers in 2019, which was budgeted for fiscal year 2019. The 2019 tax levy has not been recorded as a receivable at June 30, 2019. Although the tax attached as a lien on property as of January 1, 2019, the tax will not be levied until December 2019, and, accordingly, is not measurable at June 30, 2019.

Property taxes levied for specific restricted purposes are credited to restricted net assets.

Federal and State Grants

The Federal Transit Administration (FTA) and the Illinois Department of Transportation (IDOT) provide financial assistance through grants to the District for operations, planning, capital acquisitions, and maintenance.

Operating assistance, planning, maintenance, and capital grants are included in non-operating revenues as related eligible expenditures are incurred.

Passenger Fares

Passenger fares are recorded as revenue at the time such services are performed. Fare passes, when issued, are recorded as revenue.

The District has service contracts with East Peoria Mass Transit District, the City of Pekin and Peoria County to provide mass transportation services within those service areas. The District collects revenues from each entity in an amount equal to the cost of operations for these routes.

SPECIAL ITEMS

Significant transactions or other events within the control of management that is either unusual in nature or infrequent in occurrence are special items. Special items are reported separately in the statement of revenues, expenses and changes in net position after capital contributions. During fiscal year 2019, the District modified its retiree health insurance plan provisions resulting in a significant decrease in the District's total OPEB liability. GASB Statement No. 75 requires changes in benefits terms to be recognized in the reporting period in which the change occurred. Accordingly, due to the significant decrease being infrequent in occurrence, it has been reported as a special item.

In addition, during fiscal year 2019, the District took full and complete ownership, operational control and management of the CountyLink program from Peoria County, Illinois. In accordance with GASB Statement No. 69, as of the effective date of a transfer of operations from one government to an existing government the net position received or assumed by the District should be reported as a special item.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

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

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB issued Statement No. 87, “Leases.” The objective of this Statement is to improve accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. District will adopt Statement No. 87 for its June 30, 2020, financial statements.

GASB issued Statement No. 84, “Fiduciary activities.” The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. District does not have any fiduciary activities and therefore there is no impact to its financial statements.

GASB issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” The objective of this Statement is to improve information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. District does not carry any debt and therefore does not fall within the scope of Statement No. 88. There is no impact on its financial statements.

GASB issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.” The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. District does not borrow funds for construction projects and therefore there is no impact to its financial statements.

GASB issued Statement No. 90, “Majority Equity Interests-An Amendment of GASB Statements No.14 and NO.61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. There is no impact to District’s financial statements.

GASB issued Statement No. 91, “Conduit Debt Obligation.” The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. District does not carry any debt and therefore does not fall within the scope of Statement No. 91. There is no impact on its financial statements.

RECLASSIFICATION

Certain amounts in the prior year’s financial statement may have been reclassified to conform to the current year presentation.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 – RESTRICTED ASSETS, LIABILITIES, AND RESTRICTED NET POSITION

The restricted assets, liabilities, and net position represent net proceeds from grants or tax levies for specific purposes. The District currently carries a Self-Insurance Reserve, a Social Security Reserve, an Illinois Municipal Retirement Reserve, and a State Unemployment Reserve. Funds within the Self-Insurance Reserve are used to purchase claims services and to pay costs incurred by the District under both normal operating-type claims and catastrophic claims. Funds within the Social Security Reserve, Illinois Municipal Retirement Reserve, and State Unemployment Reserve are used to pay employer contributions made to Social Security Administration, Illinois Municipal Retirement Fund, and State Unemployment Agency.

Restricted assets and liabilities at June 30, 2019 and 2018 are summarized as follows:

June 30, 2019						
Restricted assets (liabilities):	Self-Insurance Reserve	Social Security Reserve	Illinois Municipal Retirement Reserve	State Unemployment Reserve	Audit Reserve	Total
Cash and repurchase agreement	\$ 2,055,013	\$ -	\$ -	\$ -	\$ -	\$ 2,055,013
Certificate of deposit	421,006	-	-	-	-	421,006
Property tax receivable	950,000	780,000	1,250,000	42,000	36,000	3,058,000
Interest receivable	4,151	-	-	-	-	4,151
Prepaid expenses	58,595	-	-	-	-	58,595
Estimate payable for Claims and losses	(715,331)	-	-	-	-	(715,331)
Accrued expenses	-	-	(76,233)	(1,697)	-	(77,930)
Due from (to) Unrestricted fund	(2,037,915)	(738,810)	(933,928)	(18,680)	(31,332)	(3,760,665)
Restricted net position	\$ 735,519	\$ 41,190	\$ 239,839	\$ 21,623	\$ 4,668	\$ 1,042,839

June 30, 2018					
Restricted assets (liabilities)	Self-Insurance Reserve	Social Security Reserve	Illinois Municipal Retirement Reserve	State Unemployment Reserve	Total
Cash and repurchase agreement	\$ 1,935,442	\$ -	\$ -	\$ -	\$ 1,935,442
Certificate of deposit	419,432	-	-	-	419,432
Property taxes receivable	988,338	815,379	1,235,423	41,510	3,080,650
Prepaid expenses	63,280	-	-	-	63,280
Estimated payable for claims and losses	(471,134)	-	-	-	(471,134)
Accrued expenses	-	-	(99,141)	(4,617)	(103,758)
Due (to) from unrestricted funds	(1,919,037)	(815,379)	(1,136,282)	(36,893)	(3,907,591)
Restricted net position	\$ 1,016,321	\$ -	\$ -	\$ -	\$ 1,016,321

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 3 – CASH AND INVESTMENTS

The investment and deposit of the District monies is governed by the provisions of the Illinois Compiled Statutes and the District's investment policy. In accordance with these provisions, all District monies must be invested in one or more of the following:

- a. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits constituting direct obligations of any bank as shall have been selected and designated under the terms of the Illinois Compiled Statutes and as shall have complied with the requirements thereof;
- b. Shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this state or any other state or under the laws of the United States, provided such shares or securities are insured by the Federal Deposit Insurance Corporation;
- c. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issues, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- d. Short-term discount obligations of the Federal National Mortgage Association.
- e. Short-term obligations of U.S. corporations with more than \$500 million in assets. The obligation must be rated with the three highest classifications by two standard rating services, must mature within 180 days of purchase, and such purchase cannot exceed 10 percent of the corporation's outstanding obligations.
- f. Repurchase agreements which are collateralized by full faith and credit U. S. Treasury securities.
- g. Insured accounts of credit unions whose principal office is in Illinois.
- h. Various tax-exempt securities.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 3 – CASH AND INVESTMENTS (cont.)

Custodial Credit Risk

A reconciliation of cash and investments as shown on the Statements of Net Position follows:

	2019		2018	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Petty cash	\$ -	\$ 6,526	\$ -	\$ 4,638
Demand deposits	284,025	298,937	121,006	124,245
Illinois Funds	16,110,298	16,022,123	123,050	123,050
U.S. Government security overnight repurchase agreements	8,575,871	8,431,083	29,309,274	28,778,707
Certificates of deposit	4,622,165	4,622,165	-	-
U.S. Treasuries	3,467,318	3,467,318	-	-
U.S. Agencies	768,562	768,562	419,432	419,432
Total cash and investments	<u>\$ 33,828,239</u>	<u>\$ 33,616,714</u>	<u>\$ 29,972,762</u>	<u>\$ 29,450,072</u>
Cash and repurchase agreement		\$ 22,703,656		\$ 27,095,198
Investments		8,437,039		-
Restricted:				
Cash and repurchase agreement		2,055,013		1,935,442
Certificates of deposit		421,006		419,432
Total cash and investments		<u>\$ 33,616,714</u>		<u>\$ 29,450,072</u>

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. To guard against custodial credit risk for deposits with financial institutions, the District investment policy requires that deposits with financial institution in excess of FDIC be collateralized at 100% of the uninsured deposits. As of June 30, 2019 and 2018, none of the District's bank balance of \$4,906,190 and \$540,438 respectively, was exposed to custodial credit risk.

In addition, the District has entered into an agreement with the primary depository institution whereby excess funds are invested overnight in repurchase agreements for various U.S. Government securities. Under the agreement, the depository institution purchases fractionalized interests in obligations of the United States Government or any agency thereof on behalf of the District. The securities underlying the repurchase agreement are held by a third party. The depository institution may substitute the underlying securities. At June 30, 2019 and 2018, the District had \$8,575,871 and \$29,309,274, respectively, invested in such agreements. Such amounts are subject to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the District will not be able to recover the value of its investments that are in possession of an outside party. The District's investment policy requires third party safekeeping acting as an agent to safe-keep the assets of the funds.

Credit Risk, Concentration of Credit Risk and Interest Rate Risk

The District utilizes sweep investments, which are swept nightly into securities which are explicitly backed by the US Government. Credit risk is the risk counterparty to an investment will not fulfill its obligations. The District's investment policy addresses this risk by requiring issuers to be a US Corporation with more than \$500 million in assets with a rating within the three highest classifications by two standards rating services. The underlying investments of the US Government security over night repurchase agreements, U.S. treasuries and U.S. agencies were rated Aaa by Moody's and AA+ by Standard and Poor's investment rating agencies as of June 30, 2019 and 2018.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 3 – CASH AND INVESTMENTS (cont.)

Credit Risk, Concentration of Credit Risk and Interest Rate Risk (cont.)

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single user. The District's investment policy addresses this risk by requiring diversification of its investment portfolio. As of June 30, 2019, the District held 46% of its investments in US Government Agency Securities, issued by the Federal National Mortgage Association and 20% of its investments in the US Treasury Securities, issued by the US Government. As of June 30, 2018, the District held 49% of its investments in US Government Agency Securities, issued by the Federal National Mortgage Association, and 61% of its investments in US Government Agency Securities, issued by the Federal Home Loan Mortgage Corporation.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Due to the highly liquid nature of the District's repurchase agreements, the exposure to interest rate risk is minimal. The District's investment policy addresses this risk by limiting investment maturities to a maximum of 8 years, with various sub-limits depending on the anticipated use of the funds.

At June 30, 2019, the District's investment balances subject to interest rate risk were as follows:

Investment Type	Fair Value	Maturity	
		<1 Year	1-5 Years
U.S. Government security overnight repurchase agreements	\$ 8,431,083	\$ 8,431,083	\$ -
U.S. Treasuries	3,467,318	1,903,904	1,563,414
U.S. Agencies	768,563	-	768,563
Certificates of Deposit	4,622,165	2,462,133	2,160,032
Total	<u>\$ 17,289,128</u>	<u>\$ 12,797,120</u>	<u>\$ 4,492,008</u>

At June 30, 2018 the District's investments all had a maturity less than 1 year.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Funds is authorized by the Illinois General Assembly and is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poor's upon the request of the Fund's management. The most recent money market rating issued by Standard and Poor's was AAAM. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

U.S treasuries and certificate of deposits are valued at actual market prices that the securities were purchased for, which is a level 1 input. US Government securities held through repurchase agreements and U.S. agencies are valued by pricing services using models that incorporate marketable observable data such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data, which is a level 2 input.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 4 – CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,855,709	\$ 26,026	\$ -	\$ 1,881,735
Construction in progress	-	236,499	-	236,499
Total capital assets not being depreciated	1,855,709	262,525	-	2,118,234
Capital assets being depreciated:				
Buildings and building improvements	13,674,696	14,933	(14,588)	13,675,041
Transit Vehicles	23,531,922	761,262	-	24,293,184
Machinery, equipment, and furniture	3,352,733	836,464	(439,779)	3,749,418
Total capital assets being depreciated	40,559,351	1,612,659	(454,367)	41,717,643
Less accumulated depreciation for:				
Buildings and building improvements	(10,673,303)	(466,410)	-	(11,139,713)
Transit vehicles	(11,038,134)	(2,522,018)	-	(13,560,152)
Machinery, equipment, and furniture	(2,012,816)	(553,740)	439,779	(2,126,777)
Total accumulated depreciation	(23,724,253)	(3,546,168)	439,779	(26,826,642)
Capital assets, net	\$ 18,690,807	\$ (1,670,984)	\$ (14,588)	\$ 17,009,235

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

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,861,749	\$ 46,676	\$ (52,716)	\$ 1,855,709
Capital assets being depreciated:				
Buildings and building improvements	13,455,808	218,888	-	13,674,696
Transit Vehicles	26,076,754	2,091,505	(4,636,337)	23,531,922
Machinery, equipment, and furniture	3,307,520	45,213	-	3,352,733
Total capital assets being depreciated	42,840,082	2,355,606	(4,636,337)	40,559,351
Less accumulated depreciation for:				
Buildings and building improvements	(10,212,060)	(461,243)	-	(10,673,303)
Transit vehicles	(13,693,688)	(1,959,167)	4,614,721	(11,038,134)
Machinery, equipment, and furniture	(1,588,826)	(423,990)	-	(2,012,816)
Total accumulated depreciation	(25,494,574)	(2,844,400)	4,614,721	(23,724,253)
Capital assets, net	\$ 19,207,257	\$ (442,118)	\$ (74,332)	\$ 18,690,807

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

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

BENEFITS PROVIDED

The Regular IMRF benefit plan has two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by *lesser* of:

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

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2018 and 2017, the following employees were covered by the benefit terms:

	<u>2018</u>	<u>2017</u>
Retirees and Beneficiaries currently receiving benefits	116	109
Inactive Plan Members entitled to but not yet receiving benefits	45	46
Active Plan Members	<u>153</u>	<u>153</u>
Total	<u>314</u>	<u>308</u>

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (cont.)

CONTRIBUTIONS

As set by statute, the District's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2019, 2018 and 2017 was 9.58%, 11.14%, and 11.38%, respectively. For the fiscal years ended June 30, 2019 and 2018 the District contributed \$991,686 and \$1,005,861, respectively, to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The District's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTION

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflations Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from the years 2014 to 2016.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projections scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (cont.)

ACTUARIAL ASSUMPTION (cont.)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage
Domestic Equity	37%
International Equity	18%
Fixed Income	28%
Real Estate	9%
Alternate Investments	7%
Cash Equivalents	1%
Total	100%

The actuarial assumptions as of December 31, 2018, detailed above, have not significantly changed from assumptions as of December 31, 2017 with the exception of a decrease in the investment rate of return from 7.50% to 7.25%.

SINGLE DISCOUNT RATE

A Single Discount rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine the Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at the rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%. For the purpose of the prior year valuation, the expected rate of return on plan investments was 7.50%, the municipal bond rate was 3.31%, and the resulting single discount rate was 7.50%.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (cont.)

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)- (B)
Balances at December 31, 2016	\$ 42,354,169	\$ 36,332,557	\$ 6,021,612
Changes for the year:			
Service cost	941,383	-	941,383
Interest	3,128,294	-	3,128,294
Differences between expected and actual experience of the total pension liability	565,454	-	565,454
Change of assumptions	(1,272,257)	-	(1,272,257)
Contributions - employer	-	1,017,690	(1,017,690)
Contributions - employee	-	402,721	(402,721)
Net investment income	-	6,447,877	(6,447,877)
Benefit payments, including refunds of employee contributions	(2,228,536)	(2,228,536)	-
Other changes (net transfers)	-	(479,505)	479,505
Net Changes	\$ 1,134,338	\$ 5,160,247	\$ (4,025,909)
Balances at December 31, 2017	43,488,507	41,492,804	1,995,703
Changes for the year:			
Service cost	882,646	-	882,646
Interest	3,204,485	-	3,204,485
Differences between expected and actual experience of the total pension liability	460,766	-	460,766
Change of assumptions	1,286,262	-	1,286,262
Contributions - employer	-	1,032,060	(1,032,060)
Contributions - employee	-	605,810	(605,810)
Net investment income	-	(1,563,408)	1,563,408
Benefit payments, including refunds of employee contributions	(2,406,736)	(2,470,799)	64,063
Other changes (net transfers)	-	568,453	(568,453)
Net Changes	3,427,423	(1,827,884)	5,255,307
Balances at December 31, 2018	\$ 46,915,930	\$ 39,664,920	\$ 7,251,010

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (cont.)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25% and 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

Employer's Net OPEB Liability/(Asset)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
12/31/18	\$13,064,744	\$7,251,010	\$2,446,352
12/31/17	\$ 7,324,447	\$1,995,703	\$(2,406,221)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the years ended June 30, 2019 and 2018, the District recognized pension expense of \$236,126 and \$1,233,367, respectively. At June 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30,	
	2019	2018
<i>Deferred outflow of resources</i>		
Differences between expected and actual experience	\$ 888,844	\$ 759,283
Changes of Assumptions	1,103,212	328,955
Net differences between projected and actual earnings on pension plan investments	2,639,398	-
Pension Contributions made subsequent to the Measurement Date	476,520	501,345
Total Deferred Outflows of Resources	\$ 5,107,974	\$ 1,589,583
<i>Deferred inflow of resources</i>		
Differences between expected and actual experience	\$ 487,455	\$ 849,889
Changes of Assumptions	858,579	1,127,401
Net difference between projected and actual earnings on pension plan investments	-	1,859,846
Total Deferred Inflows of Resources	\$ 1,346,034	\$ 3,837,136

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (cont.)

OUTSTANDING EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (cont.)

\$476,520 and \$505,420 reported as deferred outflows of resources related to pensions as of June 30, 2019 and 2018, respectively, resulting from employer contributions after measurement date will be recognized as a reduction of the net pension liability in the years ended June 20, 2019 and 2018, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending June 30	Net Deferred Outflows of Resources
2020	\$ 1,007,656
2021	407,363
2022	485,396
2023	1,385,005
2024	-
Thereafter	-
Total	<u>\$ 3,285,420</u>

OUTSTANDING PAYABLES

At June 30, 2019 and 2018, the District had outstanding payables to IMRF of \$129,939 and \$156,722, respectively, related to June 2019 and 2018 employer, employee, and voluntary contributions, which are payable in the following month.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

In addition to the pension benefit described in Note 5, the District pays the medical insurance premiums for certain retired employees and their spouses provided their spouses were enrolled in the District's health plan for one year prior to the date of retirement. All employees who meet the IMRF retirement eligibility requirements and qualified for health insurance benefits prior to retirement may participate in the medical insurance program. The District pays the full cost of insurance premiums for retirees and spouses age 60 and above for life. Those retirees that do not reach the age of 60 when they retire must pay the full insurance premium in order to continue their coverage after retirement. Monthly premiums as of June 30, 2019 and June 30, 2018 are as follows:

	June 30, 2019	
	<u>Pre-65</u>	<u>Post-65</u>
Single	\$ 954.22	N/A
Employee plus one	\$1,832.51	N/A
Humana Group Medicare Advantage	N/A	\$ 148.40
	June 30, 2018	
	<u>Pre-65</u>	<u>Post-65</u>
Single	\$ 913.37	\$ 639.34
Employee plus one	\$1,754.06	\$1,278.73
Humana Group Medicare Advantage	N/A	N/A

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

PLAN DESCRIPTION (cont.)

The District Board determines the benefits to be provided and contribution requirements. The District currently funds these benefits on a pay-as-you-go basis and has not established a separate trust fund. Effective January 1, 2019, the District contracted with Humana to provide a fully insured Medicare Advantage Plan for Medicare Eligible retirees rather than providing coverage under the self-insured plan under Blue Cross/Blue Shield of Illinois. Sixty-seven (67) retirees and eligible spouses were receiving benefits under the Humana Group Medicare Advantage Plan and thirty-three (33) retirees and eligible spouses were receiving benefits under the Blue Cross/Blue Shield of Illinois PPO Plan as of June 30, 2019. Sixty-two (62) retirees and eligible spouses were receiving benefits under the Blue Cross/Blue Shield of Illinois PPO Plan as of June 30, 2018. The Active Plan Members consist of one hundred thirty-eight (138) and one hundred fifty (150) under the Blue Cross/Blue Shield of Illinois Plan as of June 30, 2019 and June 30, 2018, respectively.

The District's OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017. Limited-year reporting relies on census, medical information – including claims and premiums, and benefit information utilized in the valuation as of July 1, 2017. The current limited-year valuation includes an update to the plan provisions. Medicare eligible retirees must move to the new Humana plan and cannot remain on the PPO plan. There are also new provisions in place for Tier II members regarding explicit benefits. This plan change has been handled as a liability gain in the current year. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated in accordance with the parameters of GASB Statement No. 75.

The total OPEB liabilities are an unfunded obligation. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits. During fiscal years 2019 and 2018, the District provided \$639,612 and \$951,454, respectively, in benefits on a pay-as-you-go basis (contributions and benefit payments).

STATEMENT OF TOTAL OPEB LIABILITY

	2019	2018
Total Active Employees	\$ 9,963,237	\$ 24,939,271
Inactive Employees Currently Receiving Benefit Payments	4,187,588	17,488,123
Inactive Employee Entitled to But Not Yet Receiving Benefit Payments	-	-
Total Inactive Employees	4,187,588	17,488,123
Total OPEB Liability	\$ 14,150,825	\$ 42,427,394

The Total OPEB Liability has been determined for GASB 75 reporting purposes only. The resulting Total OPEB Liability is intended to be used in the financial statement reporting of the postretirement plan. The resulting liability is not intended to be a representation of the postretirement plan liability for other purposes, including but not limited to determination of cash funding requirements and recommendations, if applicable.

The Total OPEB Liability change from \$42,427,394 in fiscal year 2018 to \$14,151,025 in fiscal year 2019 is the results of the District's changing the post-65 retiree coverage from a self-insured plan to a fully-insured plan under the Humana Group Medicare Advantage Plan, effective January 1, 2019.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

	2019	2018
Changes in Total OPEB Liability		
Service Cost	\$ 2,108,614	\$ 2,030,051
Interest	1,621,934	1,522,853
Changes of Benefit Terms	(34,051,319)	-
Differences Between Expected and Actual Experience	-	-
Changes in Assumptions	2,683,814	-
Benefit Payments	(639,612)	(951,454)
Net Change in Total OPEB Liability	(28,276,569)	2,601,450
Total OPEB Liability - Beginning	42,427,394	39,825,944
Total OPEB Liability - Ending (a)	<u>\$ 14,150,825</u>	<u>\$ 42,427,394</u>
 OPEB Plan Net Position - Ending (b)	 <u>\$ -</u>	 <u>\$ -</u>
 Employer Net OPEB Liability - Ending (a) - (b)	 \$ 14,150,825	 \$ 42,427,394
 OPEB Plan Net Position as a Percentage of the Total OPEB Liability	 0%	 0%
 Covered-Employee Payroll	 \$ 9,165,241	 \$ 8,941,699
Employer's Net OPEB Liability as a Percentage of Employee Payroll	154.40%	474.49%

The Employer's Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position. Because this is a limited-year report, the only changes in the Net OPEB Liability related to changes in assumptions is based on the change in the assumed discount rate. In addition, the current limited year valuation includes an update to the plan provisions. Medicare eligible retirees must move to the new Humana plan and cannot remain on the PPO plan. There are also new provisions in place for Tier II members regarding explicit benefits. This plan change has been handled as a liability gain in the current year.

Total OPEB liability may be dependent on the net position of the post retirement plan. Changes in the net position could change the determination of the total OPEB liability. Any changes in net position can have an impact on net OPEB liability that extends beyond the dollar-for-dollar change in net position.

Covered employee payroll is based on total covered payroll for the postretirement plan members during the fiscal year.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

The table below illustrates the change in the total OPEB liability from the prior measurement date to the current measurement date. Under Statement 75, the difference between the total OPEB liability from the prior measurement date to the current measurement date should be recognized as an expense, unless permitted to be recognized as a deferred outflow or inflow of resources.

	Increases (Decreases)		
	Total OPEB Liability (A)	OPEB Plan Total Position (B)	Total OPEB Liability (A) - (B)
Balances at July 1, 2017	\$ 39,825,944	\$ -	\$ 39,825,944
Changes for the year			
Service Cost	2,030,051	-	2,030,051
Interest	1,522,853	-	1,522,853
Actuarial Experience	-	-	-
Assumptions Changes	-	-	-
Plan Changes	-	-	-
Contributions - Employer	-	951,454	(951,454)
Contributions - Employees	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments From Trust	(951,454)	(951,454)	-
Administrative Expense	-	-	-
Net Changes	2,601,450	-	2,601,450
Balances at July 1, 2018	\$ 42,427,394	\$ -	\$ 42,427,394
Changes for the year			
Service Cost	2,108,614	-	2,108,614
Interest	1,621,934	-	1,621,934
Actuarial Experience	-	-	-
Assumptions Changes	2,683,814	-	2,683,814
Plan Changes	(34,051,319)	-	(34,051,319)
Contributions - Employer	-	639,612	(639,612)
Contributions - Employees	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments From Trust	(639,612)	(639,612)	-
Administrative Expense	-	-	-
Net Changes	(28,276,569)	-	(28,276,569)
Balances at June 30, 2019	\$ 14,150,825	\$ -	\$ 14,150,825

The changes in Total OPEB Liability above are described on the prior page. The employer's Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total OPEB liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB expense over the expected remaining service life of all employees (active and retired) in the postretirement plan. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	2,307,929	-
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-
Total	<u>\$ 2,307,929</u>	<u>\$ -</u>

Subsequent to the measurement date, the following amounts will be recognized in OPEB expense in the upcoming years:

Year ended June 30:

2020	\$ 375,885
2021	375,885
2022	375,885
2023	375,885
2024	375,885
Thereafter	428,504
	<u>\$ 2,307,929</u>

As of June 30, 2018, the District did not have any deferred outflows and inflows of resources.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE DEVELOPMENT

The table below displays the OPEB expense development for the current year. The OPEB expense includes items that change the net OPEB liability from one year to the next, netted out for amounts that are deferred under GASB pronouncement, plus any amounts that are being recognized that were deferred previously.

See below for development of the OPEB expense:

	<u>2019</u>	<u>2018</u>
OPEB Expense/(Income) Under GASB 75		
Service Cost	\$ 2,108,614	\$ 2,030,051
Interest	1,621,934	1,522,853
Plan Changes	(34,051,319)	-
Contributions - Employee	-	-
Contributions - Other	-	-
Expected Investment Income	-	-
Administrative Expense	-	-
Other Changes	-	-
Initial OPEB Expense/(Income)	<u>(30,320,771)</u>	<u>3,552,904</u>
Recognition of Outflow/(Inflow) of Resources due to Liabilities	375,885	-
Recognition of Outflow/(Inflow) of Resources due to Assets	-	-
Total OPEB Expense/(Income)	<u><u>\$ (29,944,886)</u></u>	<u><u>\$ 3,552,904</u></u>

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTION

Assumptions (Economic)

Discount Rate used for the Total OPEB Liability		
Beginning of Year	3.87%	
End of Year	3.50%	
Long-Term Expected Rate of Return on Plan Assets		N/A
High Quality 20 Year Tax-Exempt G.O. Bond Rate		
Beginning of Year	3.87%	
End of Year	3.50%	
Total Payroll Increases		2.50%
Claims and Premium		Refer to Claims Table
Healthcare Trend Rates		Refer to Health Care Trend Rates Table
Retiree Contribution Rates		Same as Healthcare Trend Rates

Claims Table

See accompanying table for the PPO Plan data:

PPO					
Age		Retiree		Spouse	
		Male	Female	Male	Female
50	\$	8,514	\$ 10,187	\$ 14,654	\$ 14,814
55	\$	10,807	\$ 11,614	\$ 14,632	\$ 14,066
60	\$	13,525	\$ 13,976	\$ 15,521	\$ 14,844
64	\$	16,005	\$ 16,723	\$ 16,782	\$ 17,124
65		N/A	N/A	N/A	N/A
70		N/A	N/A	N/A	N/A
75		N/A	N/A	N/A	N/A
80		N/A	N/A	N/A	N/A
85		N/A	N/A	N/A	N/A
90+		N/A	N/A	N/A	N/A

Health Care Trend Rates

(FY = Fiscal Year)

Period	Pre-65	Post-65	Dental	Vision
	Medical	Medical		
FY17 to FY18	4.50%	N/A	4.00%	0.00%
FY18 to FY19	6.50%	N/A	4.00%	0.00%
FY19 to FY20	6.50%	N/A	4.00%	0.00%
FY20 to FY21	6.00%	N/A	4.00%	0.00%
FY21 to FY22	6.00%	N/A	4.00%	0.00%
FY22 to FY23	5.50%	N/A	4.00%	0.00%
FY23 to FY24	5.50%	N/A	4.00%	0.00%
FY24 to FY25	5.00%	N/A	4.00%	0.00%
Ultimate	5.00%	N/A	4.00%	0.00%

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTION (cont.)

Assumptions (Demographic)

Election at Retirement If an employee has waived active medical coverage, they are still assumed to participate in the retiree medical plan. Coverage election at retirement is assumed at the following rates:

IMRF 100%

Spousal Election 50% of employees are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

Plan Participation Rate Of the employees that will elect coverage at retirement, as noted above, it is assumed they will elect coverage in the available insurance plans at the following rates:

	<u>IMRF</u>
PPO	100%
Dental	100%
Vision	100%

Retiree Lapse Rates 0% of retirees receiving District medical coverage are expected to lapse all coverages at age 65.

Retirement Rates IMRF 2017 for IMRF Employees.

Termination Rates IMRF 2017 for IMRF Employees.

Disability Rates IMRF 2017 for IMRF Employees.

Mortality Rates Active IMRF Mortality follow the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2017 Improvement Rates and Weighted Based on the IMRF December 31, 2017 Actuarial Valuation.

Retiree and Spousal IMRF Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2017 Improvement Rates.

Assumption Changes The assumptions were changed from the prior year.

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds from 3.87% to 3.50% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Greater Peoria Mass Transit District does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.87% to 3.50%.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTION (cont.)

Expected Return on OPEB Plan Investments

There is currently no expectation for future returns on OPEB plan assets since the OPEB obligation is an unfunded obligation. The Greater Peoria Mass Transit District does not have a trust dedicated exclusively to the payment of OPEB benefits.

Municipal Bond Rate

The Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown in the Assumption section is the June 27, 2019 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each user in the indexes would yield if the bond was sold at par value. The indexes are simple averaged of the average estimated yields of the bonds.

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with Greater Peoria Mass Transit District, then only the municipal bond rate is used in determining the total OPEB liability.

Development of Starting Claims Costs

Starting costs for the District's Plan were developed based on the blended premiums charged for coverage. The insurance carrier charges active and retirees the same premium rates. According to GASB, when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees. As such, premiums were estimated for under-65 retirees and their spouses as if they were rated on a stand-alone basis. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationship between costs and increasing age.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (cont.)

STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTION (cont.)

SENSITIVITY OF THE DISCOUNT RATE

The total OPEB liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the total OPEB liability to the discount rate assumption.

Employer's Net OPEB Liability/(Asset)	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
6/30/19	\$16,308,041	\$14,150,825	\$12,390,405

Employer's Net OPEB Liability/(Asset)	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
6/30/18	\$50,468,094	\$42,427,394	\$36,090,363

The sensitivity of the net OPEB liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total OPEB liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

SENSITIVITY OF THE HEALTHCARE TREND RATES

Below is a table illustrating the sensitivity of the total OPEB liability to the healthcare trend rate assumption.

Employer's Net OPEB Liability/(Asset)	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
6/30/19	\$12,224,990	\$14,150,825	\$16,551,893
6/30/18	\$35,294,018	\$42,427,394	\$51,944,800

NOTE 7 – RISK MANAGEMENT

The District participates in the Illinois Public Transit Risk Management Association (Risk Management Association) which is a public entity risk pool. The Risk Management Association was established by certain public transit districts pursuant to Article VII, Section 10 of the Illinois Constitution, the Local Mass Transit District Act, 70 ILCS 3610/5, the Intergovernmental Cooperation Act, 5 ILCS 220/6, and the Local Governmental and Governmental Employees Tort Immunity Act, 745 ILCS 10/9-103, and 745 ILCS 10/9-107, as amended.

The Risk Management Association seeks the prevention and lessening of losses to Transit District properties and injuries to persons or properties which might result in claims being made against its participants. It is the intent of the Risk Management Association to administer a joint risk management pool and utilize such funds contributed by the participants to avert, defend, and protect, any participant of the Risk Management Association against stated liability and loss.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 7 – RISK MANAGEMENT (cont.)

Specifically risk coverage provided by the Risk Management Association for its members includes auto liability, general liability, law enforcement liability, sexual abuse liability, property/inland marine/crime, excess liability and public official's liability. The Risk Management Association will jointly self-insure certain risks within an agreed scope and may purchase catastrophe, excess/reinsurance, or aggregate stop loss insurance. Settled claims have not exceeded this coverage in any of the past three fiscal years. There were no reductions in coverage in the last year.

During the initial three years of the Risk Management Association's existence, each participant has agreed to fully fund the participant's Maximum Loss Fund allocation so as to fully fund the Risk Management Association's Maximum Loss Fund for each year.

Supplemental payments to fund losses from participants may be required from time to time when the contributions for any fiscal year are insufficient to fund payments within the Maximum Loss Fund for that year. Premium payments are accounted for as current year expenses in the financial statements of the District.

The District has from time to time elected to self-insure workers' compensation liabilities rather than purchasing commercial insurance. During fiscal 2002, the District returned to a self-insured plan for workers' compensation claims. The District has purchased specific excess insurance which provides coverage when claims exceed \$500,000 individually. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 2019 and 2018, the estimated amount of these claims liabilities was \$715,331 and \$471,134, respectively. Changes in the reported liability resulted from the following:

<u>Year Ended June 30</u>	<u>Liability at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2017	\$ 586,344	\$ 66,405	\$ (316,073)	\$ 336,676
2018	\$ 336,676	\$ 492,909	\$ (358,451)	\$ 471,134
2019	\$ 471,134	\$ 720,245	\$ (476,048)	\$ 715,331

As of July 1, 2004, the District began self-insurance for a portion of its employee's health insurance. Currently, the District has purchased specific excess insurance which provides coverage when claims exceed \$85,000 individually. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 2019 and 2018, the estimated amount of these claims liabilities was \$88,953 and \$74,851, respectively. Changes in the reported liability resulted from the following:

<u>Year Ended June 30</u>	<u>Liability at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2017	\$ 127,712	\$ 2,283,141	\$ (2,323,454)	\$ 87,399
2018	\$ 87,399	\$ 2,353,506	\$ (2,366,054)	\$ 74,851
2019	\$ 74,851	\$ 2,416,312	\$ (2,402,210)	\$ 88,953

The District continues to carry commercial insurance for risks in excess of amounts self-insured and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 8 – CONTINGENCIES

The District is involved in certain legal proceedings and disputes considered by management to be ordinary and incidental or which have no foundation in fact. Management believes that valid defenses exist as to all such litigation and disputes and is of the opinion that these will not have a material effect on the District's financial statements.

The District also receives monies from federal and state government agencies under grants and contracts. The costs charged to these grants and contracts are subject to audit and disallowance by the granting agency. Any disallowances or adjustments that would have a material effect on the District's financial statements are not known at this time. Certain items claimed under state operating assistance grants that the State of Illinois had not made a final determination whether the costs will be reimbursed under the grants as of June 30, 2019.

NOTE 9 – COMMITMENTS

The District entered into a contract for management services with FIRST TRANSIT, INC. with an effective date of August 1, 2015. There are five optional years at the end of the contract. Annual payments under this contract are as follows:

Contract Period	Fee
8/1/2015 - 7/31/2016	\$ 469,296
8/1/2016 - 7/31/2017	\$ 485,724
8/1/2017 - 7/31/2018	\$ 502,728
8/1/2018 - 7/31/2019	\$ 520,320
8/1/2019 - 7/31/2020	\$ 538,536
	\$ 2,516,604
Option Years:	
8/1/2020 - 7/31/2021	\$ 557,376
8/1/2021 - 7/31/2022	\$ 576,888
8/1/2022 - 7/31/2023	\$ 597,084
8/1/2023 - 7/31/2024	\$ 617,976
8/1/2024 - 7/31/2025	\$ 639,600
	\$ 2,988,924

The District entered into a contract for paratransit services with MV Transportation with an effective date of December 1, 2014. There are two optional years at the end of the contract. The contract calls for monthly payments based on vehicle service hours plus a monthly fixed rate. Rates can be renegotiated for changes in vehicle service hours. Estimated payments based on estimated vehicle service hours under this contract are as follows:

Contract Period	Rate Per Amount
12/1/2014 - 11/30/2015	\$ 3,185,964
12/1/2015 - 11/30/2016	\$ 3,258,788
12/1/2016 - 11/30/2017	\$ 3,351,770
12/1/2017 - 11/30/2018	\$ 3,454,680
12/1/2018 - 11/30/2019	\$ 3,563,368
	\$ 16,814,570
Option Years:	
12/1/2019 - 11/30/2020	\$ 3,622,960
12/1/2020 - 11/30/2021	\$ 3,743,286
	\$ 7,366,246

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

NOTE 10 – TRANSFER OF OPERATIONS

Under an intergovernmental agreement between Peoria County (County) and the District, the County agreed to transfer the operations of rural/non-urbanized area public transportation service to the District effective July 1, 2018. In addition, starting July 1, 2018, transportation grant funding previously provided to the County will instead be granted or passed through to the District for the District's operation of the rural/non-urbanized area public transportation service. The effect of taking over the operations resulted in \$706,259 being reported as a special item in accordance GASB Statement No. 69. Of the \$706,259 reported as a special item, \$339,152 represents cash expected to be received as a result of the transfer operations and \$367,107 represents the carry value of capital assets received as a result of the transfer operations.

REQUIRED SUPPLEMENTARY INFORMATION

GREATER PEORIA MASS TRANSIT DISTRICT

DEFINED BENEFIT PENSION PLAN – REQUIRED SUPPLEMENTARY INFORMATION UNAUDITED

Schedule of Changes in the Net Pension Liability and Related Ratios Last Five Calendar Years

Calendar Year December 31,	2018	2017	2016	2015	2014
A. Total pension Liability					
1. Service Cost	\$ 882,646	\$ 941,383	\$ 1,019,925	\$ 942,403	\$ 989,369
2. Interest on the Total Pension Liability	3,204,485	3,128,294	3,061,747	2,877,192	2,732,162
3. Changes for benefit terms	-	-	-	-	-
4. Difference between expected and actual experience of the Total Pension Liability	460,766	565,454	(1,019,079)	695,296	(896,198)
5. Changes in assumptions	1,286,262	(1,272,257)	(152,776)	50,657	1,279,002
6. Benefit payments, including refunds of employee contributions	(2,406,736)	(2,228,536)	(2,065,849)	(2,098,565)	(2,087,798)
7. Net change in total pension liability	3,427,423	1,134,338	843,968	2,466,983	2,016,537
8. Total pension liability - beginning	43,488,507	42,354,169	41,510,201	39,043,218	37,026,681
9. Total pension liability - ending	<u>\$ 46,915,930</u>	<u>\$ 43,488,507</u>	<u>\$ 42,354,169</u>	<u>\$ 41,510,201</u>	<u>\$ 39,043,218</u>
B. Plan fiduciary net position					
1. Contributions - employer	\$ 1,032,060	\$ 1,017,690	\$ 1,053,729	\$ 1,133,521	\$ 1,140,253
2. Contributions - employee	605,810	402,721	390,592	401,219	383,779
3. Net investment income	(1,563,408)	6,447,877	2,386,559	169,538	2,002,165
4. Benefit payments, including refunds of employee contributions	(2,470,799)	(2,228,536)	(2,065,849)	(2,098,565)	(2,087,798)
5. Other (Net Transfer)	568,453	(479,505)	73,131	699,139	(353,113)
6. Net change in plan fiduciary net position	(1,827,884)	5,160,247	1,838,162	304,852	1,085,286
7. Plan fiduciary net position - beginning	41,492,804	36,332,557	34,494,395	34,189,543	33,104,257
8. Plan fiduciary net position - ending	<u>\$ 39,664,920</u>	<u>\$ 41,492,804</u>	<u>\$ 36,332,557</u>	<u>\$ 34,494,395</u>	<u>\$ 34,189,543</u>
C. Net pension liability/(asset)	\$ 7,251,010	\$ 1,995,703	\$ 6,021,612	\$ 7,015,806	\$ 4,853,675
D. Plan fiduciary net position as a percentage of the total pension liability	84.54%	95.41%	85.78%	83.10%	87.57%
E. Covered payroll (Calendar Year)	\$ 9,122,534	\$ 8,942,807	\$ 8,679,802	\$ 8,909,465	\$ 8,496,674
F. Net position liability as a percentage of covered valuation payroll	79.48%	22.32%	69.37%	78.75%	57.12%

This schedule is presented to illustrate the requirements 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. See accompanying independent auditors' report.

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GREATER PEORIA MASS TRANSIT DISTRICT

DEFINED BENEFIT PENSION PLAN – REQUIRED SUPPLEMENTARY INFORMATION UNAUDITED

Schedule of Employer Contributions

Most Recent Fiscal Years

<u>Fiscal Year Ending June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Fiscal Year Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2019	\$ 991,687	\$ 991,687	\$ -	\$ 9,598,588	10.33%
2018	1,006,764	1,006,764	-	8,941,699	11.26%
2017	1,063,507	1,063,507	-	9,042,159	11.76%
2016	1,080,534	1,080,534	-	8,983,498	12.03%
2015	1,166,393	1,166,393	-	8,718,035	13.38%

This schedule is presented to illustrate the requirements 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. See accompanying independent auditors' report.

GREATER PEORIA MASS TRANSIT DISTRICT

DEFINED BENEFIT PENSION PLAN – REQUIRED SUPPLEMENTARY INFORMATION UNAUDITED

NOTES TO SCHEDULES

Summary of Actuarial Methods and Assumptions Used in the Calculations of the 2018 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2018 Contribution Rate:

Actuarial Cost Method	Aggregate entry age = normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26-year closed Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer group upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 29 years)
Asset Valuation Method	5-Year Smoothed Market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality Rates	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP2014 (base year 2012). The IMRF specific rates were developed from the RP-2017 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation

GREATER PEORIA MASS TRANSIT DISTRICT

OTHER POST-EMPLOYMENT BENEFIT PLAN – REQUIRED SUPPLEMENTARY INFORMATION UNAUDITED

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY

	2019	2018
Total OPEB Liability		
Service Cost	\$ 2,108,614	\$ 2,030,051
Interest	1,621,934	1,522,853
Changes of Benefit Terms	(34,051,319)	-
Differences Between Expected and Actual Experience	-	-
Changes in Assumptions	2,683,814	-
Benefit Payments	(639,612)	(951,454)
Net Change in Total OPEB Liability	(28,276,569)	2,601,450
Total OPEB Liability - Beginning	42,427,394	39,825,944
Total OPEB Liability - Ending (a)	<u>\$ 14,150,825</u>	<u>\$ 42,427,394</u>
OPEB Plan Net Position		
Contributions - Employer	\$ 639,612	\$ 951,454
Contributions - Member	-	-
Contributions - Other	-	-
Net Investment Income	-	-
Benefit Payments	(639,612)	(951,454)
Administrative Expense	-	-
Net Change in OPEB Plan Net Position	-	-
OPEB Plan Net Position - Beginning	-	-
OPEB Plan Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>
Employer Total OPEB Liability - Ending (a) - (b)	<u>\$ 14,150,825</u>	<u>\$ 42,427,394</u>

This schedule is presented to illustrate the requirements 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.

Year Ended June 30, 2019 - The assumptions were changed from the prior year. The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.87% to 3.50% for the current year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 3.87% to 3.50%. See the Assumptions (Economic) section for more details. The plan provisions were also changed from the prior year. Medicare eligible retirees must move to the new Humana plan and cannot remain on the PPO plan. There are also new provisions in place for Tier II members regarding explicit benefits.

GREATER PEORIA MASS TRANSIT DISTRICT

OTHER POST-EMPLOYMENT BENEFIT PLAN – REQUIRED SUPPLEMENTARY INFORMATION UNAUDITED

SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIO

	2019	2018
Total OPEB Liability - Ending (a)	<u>\$ 14,150,825</u>	<u>\$ 42,427,394</u>
OPEB Plan Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>
Employer Net OPEB Liability - Ending (a) - (b)	<u>\$ 14,150,825</u>	<u>\$ 42,427,394</u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0%	0%
Covered-Employee Payroll	\$ 9,165,241	\$ 8,941,699
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	154.40%	474.49%

⌵Covered employee payroll shown for the current year is the total covered payroll for the fiscal for all plan members.

GREATER PEORIA MASS TRANSIT DISTRICT

OTHER POST-EMPLOYMENT BENEFIT PLAN – REQUIRED SUPPLEMENTARY INFORMATION UNAUDITED

SCHEDULE OF CONTRIBUTIONS

	2019	2018
Actuarially Determined Contribution	N/A	N/A
Contributions in Relation to the Actuarially Determined Contribution	-	-
Contribution Deficiency (excess)	N/A	N/A
Covered-Employee Payroll	\$ 9,165,241	\$ 8,941,699
Contributions as a Percentage of Covered-Employee Payroll	0.0%	0.0%

There is no ADC or employer contribution in relation to the ADC, as the total OPEB liabilities are currently an unfunded obligation. However, the District did make explicit contributions from other District resources in the current year in the amount of \$480,971 and implicit contributions from other District resources in the current year in the amount of \$158,641.

This schedule is presented to illustrate the requirements 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.



GREATER PEORIA MASS TRANSIT DISTRICT

Statistical Section

The Statistical Section Includes

FINANCIAL TRENDS:

These tables contain trend information to assist the reader in understanding how GPMTD's financial performance and financial condition have changed over time:

Table 1 - Condensed Statement of Net Position

Table 2 - Change in Net Position

Table 3 - Detailed Report of Revenues and Expenses

Table 4 - Change in Revenues and Expenses

REVENUE CAPACITY:

These tables contain trend information to assist the reader in understanding the GPMTD's most significant local revenue sources:

Table 5 - Funding Sources (Operating and Capital)

Table 6 - Operating Revenues & Operating Expenses

Table 7 - Property Tax Levies Collected

Table 8 - Principal Property Tax Payers

DEMOGRAPHIC AND ECONOMIC INFORMATION:

These tables offer demographic and economic indicators to assist the reader in understanding the environment within which GPMTD's financial activities take place:

Table 9 - Population Trends

Table 10 - Principal Employers

OPERATING INFORMATION:

These tables contain information to assist the reader in understanding GPMTD's operations:

Table 11 - Budgetary Comparison Schedule

Table 12 - Ridership Report

Table 13 - Employee by Major Function

Table 14 - Condensed Statement of Capital Assets

Table 15 - Change in Capital Assets

GREATER PEORIA MASS TRANSIT DISTRICT
TABLE 1
CONDESENSED STATEMENT OF NET POSITION
10 YEARS ENDED JUNE 30

A historical summary of GPMTDs statement of net position is presented below:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current Assets	\$ 15,460,670	\$ 16,433,220	\$ 20,759,720	\$ 24,399,515	\$ 31,742,091	\$ 35,315,831	\$ 40,318,585	\$ 37,667,887	\$ 38,516,735	\$ 43,317,890
Capital Assets	10,363,269	16,882,755	16,900,573	22,017,045	20,064,176	18,896,721	17,111,018	19,207,257	18,690,807	17,009,235
Total Assets	25,823,939	33,315,975	37,660,293	46,416,560	51,806,267	54,212,552	57,429,603	56,875,144	57,207,542	60,327,125
Deferred Outflows of Resources	-	-	-	-	-	1,222,576	4,087,858	3,327,189	1,589,583	7,415,903
Current Liabilities	2,547,201	2,189,887	3,496,857	4,134,438	8,856,318	10,376,011	12,755,535	6,937,042	5,243,950	5,524,983
Noncurrent Liabilities	3,657,019	5,386,174	8,572,453	11,687,931	14,639,089	21,364,608	25,685,512	27,100,003	43,471,643	20,762,223
Total Liabilities	6,204,220	7,576,061	12,069,310	15,822,369	23,495,407	31,740,619	38,441,047	34,037,494	48,715,593	26,287,206
Deferred Inflows of Resources	-	-	-	-	-	-	555,678	1,336,289	3,837,136	1,346,034
Net Investment in Capital Assets	10,363,269	16,882,755	16,900,573	22,017,045	20,064,176	18,896,721	17,111,018	19,207,257	18,690,807	17,009,235
Restricted	1,615,599	1,375,668	1,205,018	860,369	471,885	232,643	38,844	515,089	1,016,321	1,042,839
Unrestricted	7,640,851	7,481,491	7,485,392	7,716,777	7,774,799	4,565,145	5,370,874	5,106,208	(13,462,729)	22,057,714
Total Net Position	\$ 19,619,719	\$ 25,739,914	\$ 25,590,983	\$ 30,594,191	\$ 28,310,860	\$ 23,694,509	\$ 22,520,736	\$ 24,828,554	\$ 6,244,400	\$ 40,109,788

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 2
CHANGE IN NET POSITION
10 YEAR COMPARISON

Presented in table 2 is a 10 year comparison of GPMTD changes in net position.

	2009	2019	% CHANGE	\$ CHANGE	
Current Assets	\$ 15,525,633	\$ 43,317,890	179%	\$ 27,792,257	
Capital Assets	9,237,611	17,009,235	84%	7,771,624	
Deferred Outflows of Resources	-	7,415,903		7,415,903	
Total Assets and Deferred Outflows	24,763,244	67,743,028	174%	42,979,784	a)
Current Liabilities	2,091,617	5,524,983	164%	3,433,366	
Noncurrent Liabilities	1,914,336	20,762,223	100%	18,847,887	
Deferred Inflows of Resources	-	1,346,034		1,346,034	
Total Liabilities and Deferred Inflows	4,005,953	27,633,240	590%	23,627,287	b)
Net Investment in Capital Assets	9,237,611	17,009,235	84%	7,771,624	
Restricted	1,816,010	1,042,839	-43%	(773,171)	
Unrestricted	9,703,670	22,057,714	127%	12,354,044	
Total Net Position	\$ 20,757,291	\$ 40,109,788	93%	\$ 19,352,497	c)

NOTE:

a) The increase of GPMTD's total assets is due to a significant increase in cash and cash equivalents. Capital assets have increased by purchasing of new fleet in 2016, service vehicles in 2016, and the impact of revised capitalization policy in 2010.

b) The increase of GPMTD's Total Liabilities is due to the increase of OPEB GASB 75 & 68 obligations.

GREATER PEORIA MASS TRANSIT DISTRICT
TABLE 3
DETAILED REPORT OF REVENUES AND EXPENSES
PAST 10 YEARS, FOR YEAR ENDING JUNE 30

A historical summary of GPMTDs Revenues and Expenses is provided in the following table:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Passenger Fares	\$ 1,666,415	\$ 1,792,696	\$ 1,946,591	\$ 1,935,253	\$ 1,881,052	\$ 1,935,655	\$ 1,995,170	\$ 1,866,225	\$ 1,907,592	\$ 1,834,303
(East Peoria, Pekin)	355,438	391,792	423,981	407,544	439,827	1,003,575	1,042,511	1,230,942	1,341,214	641,952
Advertising	64,109	54,963	97,035	70,768	133,289	165,355	126,197	134,517	241,072	283,822
Other	64,231	65,689	193,630	164,059	155,059	90,632	81,721	79,080	97,396	123,595
Total Operating Revenues	2,150,193	2,305,140	2,661,237	2,577,624	2,609,227	3,195,217	3,245,599	3,310,764	3,587,274	2,883,672
Federal	2,055,538	893,244	1,954,049	1,794,986	1,543,328	1,345,815	1,662,903	1,826,485	1,888,838	2,364,767
State	12,712,884	14,231,100	15,025,374	15,509,601	16,314,231	16,691,025	16,183,484	16,596,667	17,027,700	18,375,455
State Assistance	(2,375,762)	1,085,388	(106,968)	236,361	-	-	-	-	-	-
Property and Replacement Taxes	3,812,157	4,027,330	4,204,106	4,413,092	4,649,380	4,865,793	5,037,610	5,350,856	5,552,955	5,823,774
Other	146,415	100,896	60,888	57,609	52,152	412,142	56,902	125,340	123,768	615,444
Total Non-Operating Revenue	16,351,232	20,337,958	21,137,449	22,011,649	22,559,091	23,314,775	22,940,899	23,899,348	24,593,261	27,179,440
Total Revenues	18,501,425	22,643,098	23,798,686	24,589,273	25,168,318	26,509,992	26,186,498	27,210,112	28,180,535	30,063,112
Salaries and Fringe Benefits	13,336,763	14,606,001	16,045,127	16,459,222	17,187,325	17,114,716	16,310,104	17,563,318	17,801,086	18,418,976
Professional Services	3,047,784	3,233,162	3,238,147	3,429,270	3,631,117	5,002,202	5,467,983	5,382,418	5,691,732	6,070,293
Materials and Supplies	3,112,858	3,190,496	3,520,983	3,558,847	3,562,111	3,318,962	2,680,486	2,286,106	2,555,493	3,193,236
Casualty and Liability	552,430	600,397	440,250	504,930	546,141	533,314	494,630	527,781	506,948	535,852
Other	336,423	386,095	286,083	367,210	454,676	324,822	501,247	544,726	559,978	383,622
Operating and Maintenance Expenses	20,386,258	22,016,151	23,530,590	24,319,479	25,381,370	26,294,015	25,454,450	26,304,349	27,115,237	28,601,979
Depreciation Expense	1,225,834	1,391,884	2,024,121	2,285,792	2,436,845	2,285,026	2,391,281	2,493,158	2,866,015	3,148,012
Total Expenses	21,612,092	23,408,035	25,554,711	26,605,271	27,818,215	28,579,041	27,845,731	28,797,507	29,981,252	31,749,991
Capital Contribution	1,973,095	6,885,132	1,607,094	7,019,206	366,566	840,058	484,459	3,895,211	2,021,042	794,693
Special Items	-	-	-	-	-	-	-	-	-	34,757,578
Changes in Net Position	(1,137,572)	6,120,195	(148,931)	5,003,208	(2,283,331)	(1,228,991)	(1,174,774)	2,307,816	220,325	33,865,392
Beginning Net Position	20,757,291	19,619,719	25,739,914	25,590,983	30,594,191	28,310,860	23,695,509	22,520,735	24,828,551	6,244,396
Change in Accounting Principle	-	-	-	-	-	(3,387,360)	-	-	(18,804,480)	-
Net Position End of Year	\$ 19,619,719	\$25,739,914	\$25,590,983	\$30,594,191	\$28,310,860	\$23,694,509	\$22,520,735	\$ 24,828,551	\$ 6,244,396	\$40,109,788

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 4
CHANGE IN REVENUES AND EXPENSES
10 YEAR COMPARISON

Presented in the table below is a 10 year comparison of the changes in revenues and Expenses. The historical section of the letter of transmittal in the Introductory Section highlights several factors that contributed to the increase in revenues and expenses.

	2009	2019	% CHANGE	\$ CHANGE	
Passenger Fares	\$ 1,909,337	\$ 1,834,303	-4%	\$ (75,034)	
Contractual Revenues					
(East Peoria, Pekin)	571,866	641,952	12%	70,086	
Advertising	53,274	283,822	433%	230,548	(a)
Other	77,888	123,595	59%	45,707	
Total Operating Revenues	2,612,365	2,883,672	10%	271,307	
Federal	2,059,909	2,364,767	15%	304,858	
State	12,605,711	18,375,455	46%	5,769,744	(b)
Property and Replacement Taxes	3,683,372	5,823,774	58%	2,140,402	
Other	152,014	615,444	305%	463,430	
Total Non-Operating Revenue	18,501,006	27,179,440	47%	8,678,434	
Total Revenues	21,113,371	30,063,112	42%	8,949,741	
Salaries and Fringe Benefits	12,371,280	18,418,976	49%	6,047,696	
Professional Services	2,921,691	6,070,293	108%	3,148,602	
Materials and Supplies	3,395,173	3,193,236	-6%	(201,937)	
Casualty and Liability	456,452	535,852	17%	79,400	
Other	407,125	383,622	-6%	(23,503)	
Depreciation Expense	1,273,285	3,148,012	147%	1,874,727	
Total Expenses	\$ 20,825,006	\$ 31,749,991	52%	\$ 10,924,985	

a) District has outsourced 3rd party to sell bus advertising .

b) In 2008, Downstate Operating Assistance was 55%. Currently, Downstate Operating Assistance is 65% of total eligible expenses.

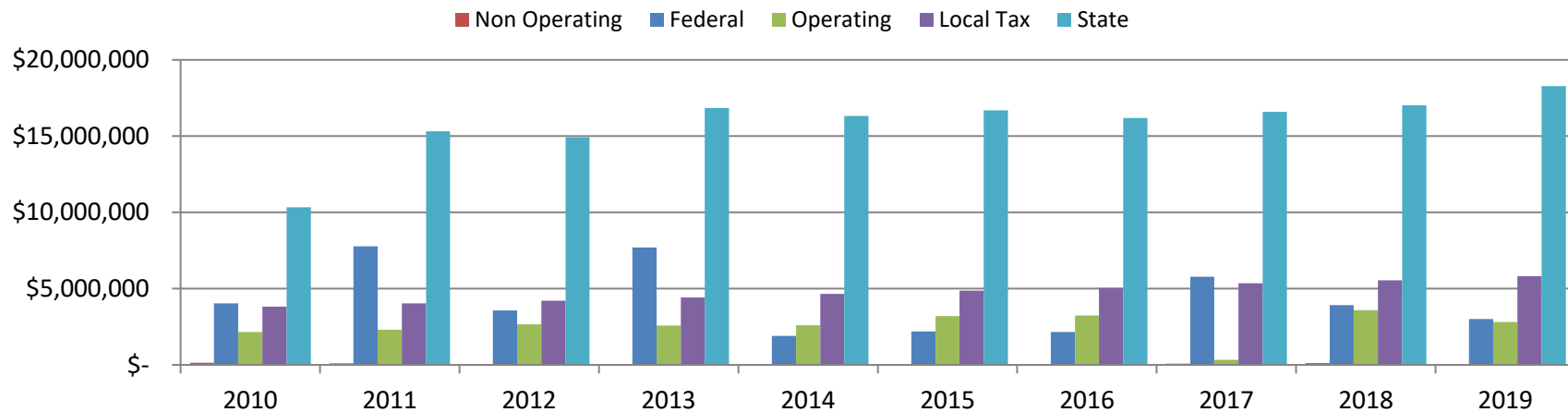
GREATER PEORIA MASS TRANSIT DISTRICT
TABLE 5
FUNDING SOURCES (OPERATING AND CAPITAL)
FOR THE YEAR ENDED JUNE 30

The table below shows trends in GPMTDs Funding Sources.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Local Operating Revenues	\$ 2,150,193	\$ 2,305,140	\$ 2,661,237	\$ 2,577,624	\$ 2,609,227	\$ 3,195,217	\$ 3,245,599	\$ 3,310,765	\$ 3,587,274	\$ 2,883,672
Non Operating Revenues	146,415	100,896	60,888	57,609	52,152	65,761	56,902	72,536	123,768	615,444
Federal Revenue	* 4,028,633	* 7,778,376	3,561,143	* 7,705,674	1,909,894	2,185,873	2,148,361	5,774,500	3,909,880	2,364,767
Local Tax Revenue	3,812,157	4,027,330	4,204,106	4,413,092	4,649,380	4,865,793	5,037,610	5,350,856	5,552,955	5,823,774
State Operating Assistance	10,337,122	15,316,488	14,918,406	16,854,480	16,314,231	16,691,025	16,183,484	16,596,667	17,027,700	18,375,455
Total Funding Sources	<u>\$ 20,474,520</u>	<u>\$ 29,528,230</u>	<u>\$ 25,405,780</u>	<u>\$ 31,608,479</u>	<u>\$ 25,534,884</u>	<u>\$ 27,003,669</u>	<u>\$ 26,671,956</u>	<u>\$ 31,105,324</u>	<u>\$ 30,201,577</u>	<u>\$ 30,063,112</u>

*Includes American Recovery and Reinvestment Act (ARRA) Grants

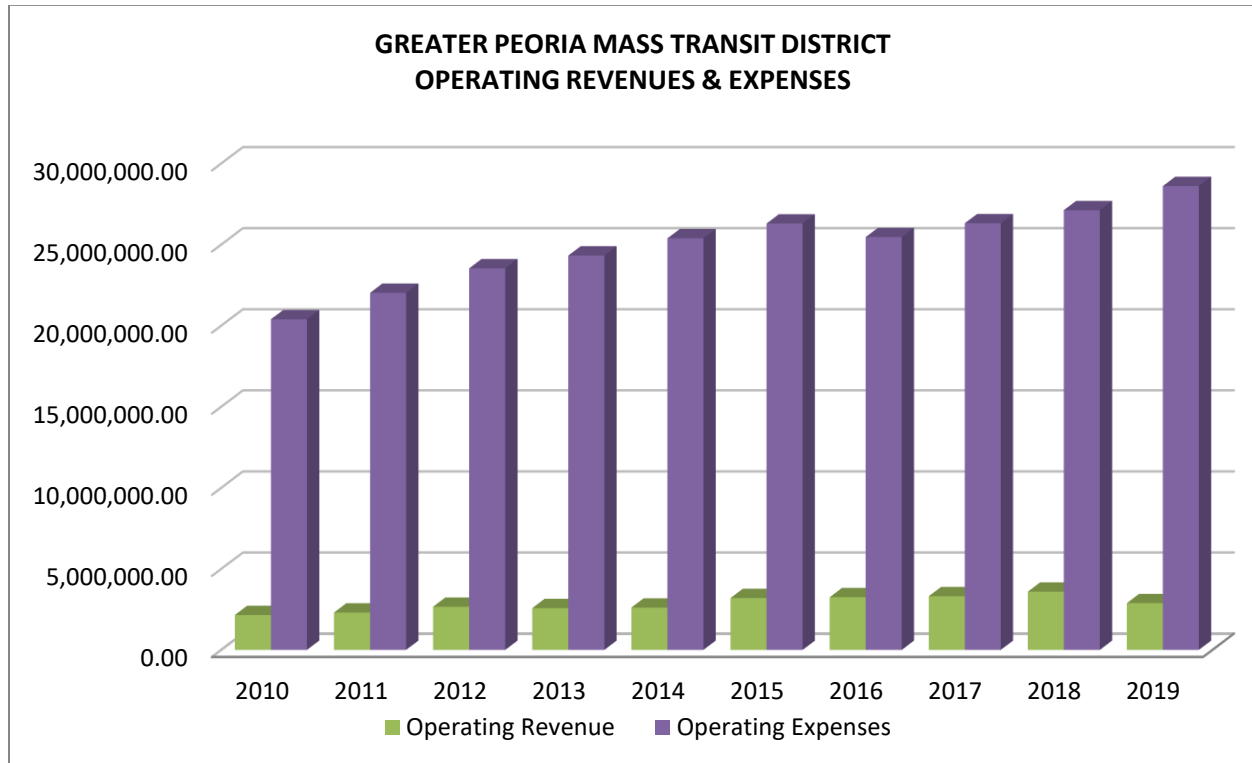
GREATER PEORIA MASS TRANSIT DISTRICT
FUNDING SOURCES



GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 6
OPERATING REVENUES & OPERATING EXPENSES
10 YEARS ENDED JUNE 30

The table below shows a comparison of operating revenue to operating expenses.



Operating Revenues and Operating Expenses					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operating Revenue	\$ 2,150,193	\$ 2,305,140	\$ 2,661,237	\$ 2,577,624	\$ 2,609,227
Operating Expenses	\$ 20,386,258	\$ 22,016,151	\$ 23,530,590	\$ 24,319,479	\$ 25,381,370
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Revenue	\$ 3,195,217	\$ 3,245,599	\$ 3,310,765	\$ 3,587,274	\$ 2,883,672
Operating Expenses	\$ 26,294,015	\$ 25,454,450	\$ 26,304,347	\$ 27,115,237	\$ 28,601,979

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 7
PROPERTY TAX LEVIES COLLECTED
10 YEARS ENDED JUNE 30

A summary of tax levies collected including the tax rate for the past 10 years is provided in the following table.

Fiscal Year	Tax Levy	(a) (MIL rate)	Assessed Value	Total Collected as of 06/30	% Collected	Collected within 1st year
2019	\$ 5,713,870	11.50	\$ 2,309,833,112	\$ -	0.00%	0
2018	\$ 5,441,782	9.97	\$ 2,250,956,435	\$ 5,357,333	98.45%	Yes
2017	\$ 5,182,650	9.40	\$ 2,243,037,333	\$ 5,119,189	98.78%	Yes
2016	\$ 4,935,857	8.80	\$ 2,219,202,955	\$ 4,892,134	99.11%	Yes
2015	\$ 4,700,816	8.85	\$ 2,170,902,458	\$ 4,610,155	98.07%	Yes
2014	\$ 4,476,968	9.13	\$ 2,077,424,101	\$ 4,431,931	98.99%	Yes
2013	\$ 4,263,779	8.32	\$ 2,102,244,198	\$ 4,240,431	99.45%	Yes
2012	\$ 4,060,742	8.37	\$ 2,132,351,602	\$ 4,016,777	98.92%	Yes
2011	\$ 3,867,373	10.05	\$ 2,152,420,767	\$ 3,821,514	98.81%	Yes
2010	\$ 3,683,212	12.35	\$ 2,121,134,678	\$ 3,638,091	98.77%	Yes

NOTE:

(a) GPMTD's maximum tax levy rate is 15 MIL

MIL rate = Total Funds Levied / Equalized Assessed Valuation

* 12.35 MIL rate means 12.35 cents levied per \$100 Assessment Valuation.

** GPMTD's IMRF (pension) fund, audit, worker compensation fund , social securities fund, and unemployment fund are not included in the total Funds levied against MIL calculation.

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 8
PRINCIPAL PROPERTY TAX PAYERS

A summary of the top ten tax payers for the current year and 9 years earlier is provided in the following table.

Taxpayer	2018			2009		
	Rank	Assessed Valuation	Percent Of Total Assessed	Rank	Assessed Valuation	Percent Of Total Assessed
Caterpillar Inc.	1	\$ 50,073,000	1.40%	1	\$ 44,707,000	1.34%
Pere Marquette Hotel LLC	2	\$ 15,049,000	0.42%			
MCRIL LLC				2	\$ 16,008,000	0.48%
Northwoods Development Company	3	\$ 9,159,000	0.26%	3	\$ 9,517,000	0.29%
Peoria New Mall LLC	4	\$ 7,889,000	0.22%			
Willow Knolls LTD	5	\$ 7,793,000	0.22%	4	\$ 7,768,000	0.23%
PV Peoria LLC Stark Management LLC	6	\$ 7,340,000	0.20%			
Illinois-American Water SSC	7	\$ 7,252,000	0.20%			
Wal-Mart Real Estate Business Trust	8	\$ 6,934,000	0.19%	5	\$ 7,744,000	0.23%
Gateway Taylor Inc.				6	\$ 7,177,000	0.23%
AmerenCILCO				7	\$ 5,278,000	0.17%
Komatsu America Corp	9	\$ 5,822,000	0.16%			
Cartus Financial Corporation	10	\$ 5,692,000	0.16%			
Lexington House Corporation				8	\$ 5,246,000	0.16%
Knoxville3 Pointe SPE-123				9	\$ 4,950,000	0.15%
Edward Rose Development				10	\$ 4,780,000	0.16%
		\$ 123,003,000	3.43%		\$ 113,175,000	3.44%
All Other Taxpayers		\$ 3,464,927,000	96.57%		\$ 3,224,776,000	96.56%
		\$ 3,587,930,000	100.00%		\$ 3,337,951,000	100.00%

NOTES:

Assessed Valuation is determined in the year preceding the years paid.

SOURCES:

- (a) Peoria County Supervisor of Assessments (2018). Year 2019 data is not available.
- (b) Peoria County Comprehensive Annual Financial Report (CAFR)

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 9

POPULATION TRENDS

SERVICE AREA (PEORIA, PEORIA HEIGHTS, WEST PEORIA, EAST PEORIA AND PEKIN ILLINOIS)

The table below shows the historical total population, personal income, per capita personal income and the weighted average of the unemployment rate for the service area.

CALENDAR YEAR (1)	POPULATION (2)	PERSONAL INCOME (4)	PER CAPITA (4) PERSONAL INCOME	UNEMPLOYEMENT RATE % (3)
2009	180,261	15,085,036	39,763	10.9%
2010	172,337	15,249,409	40,243	11.1%
2011	172,713	16,763,844	44,151	9.4%
2012	173,161	17,657,307	46,412	8.5%
2013	173,834	17,529,345	45,875	10.0%
2014	183,809	16,679,535	43,889	8.2%
2015	181,804	17,061,000	45,132	6.3%
2016	180,786	17,327,026	46,052	6.5%
2017	183,011	17,666,000	46,977	5.4%
2018	180,621	-	-	6.2%

SOURCES:

US Census Bureau (www.census.gov)

Bureau of Economic Analysis (www.bea.gov)

Bureau of Labor Statistics (www.bls.gov)

Illinois Department of Employment Security (www.ides.illinois.gov)

City Data (www.city-data.com)

NOTES:

(1) Information for 2018 has not yet been released.

(2) Population totals for Peoria, Peoria Heights
West Peoria, East Peoria, and Pekin Illinois

(3) Weighted average of Peoria, Peoria Heights,
West Peoria, East Peoria, and Pekin unemployment rate.

(4) Per Capita Personal Income and Personal Income based on
Peoria Metropolitan Statistical Area and only available to 2017.

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 10

PRINCIPAL EMPLOYERS

REVENUE SERVICE AREA (PEORIA, PEORIA HEIGHTS, WEST PEORIA, EAST PEORIA AND PEKIN ILLINOIS)

The table below shows the top employers in the revenue service area ranked by number of employees.

EMPLOYER	2018		% of Total Employment	EMPLOYER	2009		% of Total Employment
	EMPLOYEES (1)	RANK			EMPLOYEES	RANK	
Caterpillar (2)	13,100	1	6.98%	Caterpillar	17,000	1	8.57%
OSF Saint Francis Medical Center	6,000	2	3.20%	OSF Saint Francis Medical Center	5,600	2	`
UnityPoint Health	3,283	3	1.75%	UnityPoint Health	-	-	-
Peoria Public Schools District 150	1,500	4	0.80%	Peoria Public Schools District 150	2,580	3	1.30%
Affina, LLC	1,000 - 1,499	5	0.75%	Affina, LLC	1,014	8	0.51%
Keystone Steel and Wire Co	1,300	6	0.69%	Keystone Steel and Wire Co	865	10	0.44%
Advanced Technology Services	1,073	7	0.57%	Advanced Technology Services	-	-	-
SC2	500 - 1,500	8	0.48%	County of Peoria	960	-	0.48%
CEFCU	834	9	0.44%	SC2	-	-	-
County of Peoria	823	10	0.44%	CEFCU	-	-	-
City of Peoria	668	11	-				
Komatsu Mining Systems	560	12	-				
Maui Jim	500	13	-				
RLI	400	14	-				
USDA	400	15	-				

SOURCES:

- (1) Economic Development Council of Illinois (2018).
- (2) Caterpillar figure reflects tri-county employment.
- (3) 2009 data from 2009 CAFR

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 11
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019

A comparative analysis of District's actual results compared to approved budget is presented below

	2019 APPROVED/ FINAL BUDGET	2019 ACTUAL	VARIANCE
OPERATING REVENUES			
Passenger Fares	\$ 1,713,000	\$ 1,520,291	\$ (192,709)
Special Transit Services	300,000	314,012	14,012
East Peoria and Pekin Mass Transit Districts	1,242,000	641,952	(600,048)
Advertising	375,000	283,822	(91,178)
Other	88,000	123,595	35,595
Total Operating Revenues	<u>3,718,000</u>	<u>2,883,672</u>	<u>(834,328)</u>
OPERATING EXPENSES			
Salaries and Fringe Benefits	19,756,964	18,418,976	(1,337,988)
Purchased Services	1,594,954	1,865,231	270,277
Fuel and Lubricants	2,126,500	1,387,242	(739,258)
Materials and Supplies	1,254,800	1,469,197	214,397
Utilities	253,000	200,808	(52,192)
Casualty and Liability Costs	557,250	535,852	(21,398)
Tires and Tubes	100,000	135,989	35,989
Travel Expenses	98,000	81,121	(16,879)
Dues and Subscriptions	57,735	45,466	(12,269)
Purchased Transportation	4,480,000	4,205,062	(274,938)
Other	618,797	257,035	(361,762)
Total Operating Expenses	<u>30,898,000</u>	<u>28,601,979</u>	<u>(2,296,021)</u>
Operating Loss Before Depreciation	<u>(27,180,000)</u>	<u>(25,718,307)</u>	<u>(1,461,693)</u>
DEPRECIATION	<u>(2,803,902)</u>	<u>(3,148,012)</u>	<u>(344,110)</u>
Loss From Operations	<u>(29,983,902)</u>	<u>(28,866,319)</u>	<u>(1,117,583)</u>
NONOPERATING REVENUES (EXPENSES)			
Sales Commissions	14,000	10,923	(3,077)
Grants			
State of Illinois			
Downstate Public Transportation Assistance Program			
Operating Assistance	19,620,598	18,375,455	(1,245,143)
Federal Transit Administration			
Maintenance Assistance	1,360,660	1,490,515	129,855
Operating Assistance	560,700	726,509	165,809
Rural Transportation Assistance	-	147,743	147,743
Investment Income	46,250	602,021	555,771
Property and Replacement Taxes	5,537,792	5,823,774	285,982
Gain on disposal of capital assets	40,000	2,500	(37,500)
Total Non-Operating Revenues	<u>27,180,000</u>	<u>27,179,440</u>	<u>(560)</u>
Net Income Before Contributions	<u>(2,803,902)</u>	<u>(1,686,879)</u>	<u>1,117,023</u>
Capital Contributions	-	794,693	794,693
Special Items	-	34,757,578	34,757,578
Change in Net Position	<u>\$ (2,803,902)</u>	<u>33,865,392</u>	<u>\$ 36,669,293.98</u>
Net Position- Beginning of Year		<u>6,244,396</u>	
Net Position- End of Year		<u><u>\$ 40,109,788</u></u>	

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 12
RIDERSHIP REPORT
2009-2019

FARE COLLECTION	2009	2019	
Adults (7-64)	\$1.00	\$1.00	1)
Seniors (64+)	\$1.00	*\$0.50	2)
Children (7 and Under)	**Free	**Free	3)
Paratransit Services (Door-to-Door)	\$2.00	\$2.00	
Students/Persons with Disabilities (with ID)	\$0.50	\$0.50	
Veterans (with ID)	N/A	\$0.50	
Urbanized Area Transportation	N/A	\$6.00	
Day Pass (Unlimited rides in one day)	N/A	\$3.00	
30 Day Pass (Unlimited rides in thirty days)	N/A	\$40.00	

**When accompanied by a paying adult

NOTE: Public hearing is required if District's planning to increase the fare price.

1) Cash fare

2) Each ride, all day

3) Children 54 inches and shorter

Effective January 2, 2016 New Fare Structure

RIDERSHIP FY2019

Adult	1,124,487	
Child	136,626	
Senior	-	
Student	110,333	
Day Pass	557,974	
30 Day Pass	657,553	
Total Regular Route		2,586,973
Paratransit Services	143,841	
GRAND TOTAL (Fixed Route and Paratransit)		2,730,814






FY2019	Actual Vehicle Miles	Actual Vehicle Hours	Actual Peak Vehicles
Regular Route	2,212,646	154,112	44
Special Routes	177	36	2
Paratransit Services	1,120,567	86,179	31
Total	3,333,390	240,327	77

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 13
EMPLOYEE BY MAJOR FUNCTION
AS OF JUNE 30

The table below documents the number of employees by major function from 2010 to 2019.

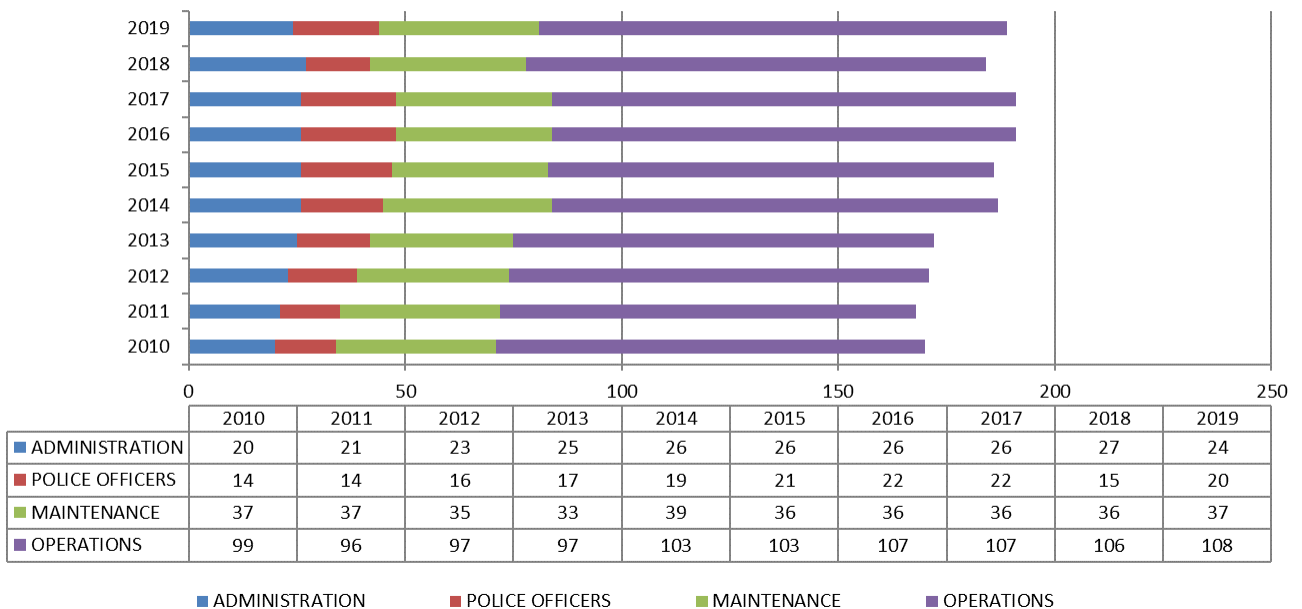
YEAR	ADMINISTRATION	POLICE OFFICERS	MAINTENANCE	OPERATIONS	TOTAL
2010	20	14	37	99	170
2011	21	14	37	96	168
2012	23	16	35	97	171
2013	25	17	33	97	172
2014	26	19	39	103	187 *
2015	26	21	36	103	186
2016	26	22	36	107	191
2017	26	22	36	107	191
2018	27	15	36	106	184
2019	24	20	37	108	183

10 Year Change	 4	 6 **	 0	 9	 13
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* Sunday Service Added 06/08/2014

** Part-Time Employees

GREATER PEORIA MASS TRANSIT DISTRICT
EMPLOYEE COUNT AS OF JUNE 30



GREATER PEORIA MASS TRANSIT DISTRICT
TABLE 14
CONDENSED STATEMENT OF CAPITAL ASSETS
10 YEARS ENDED JUNE 30

A historical summary of GPMTDs capital assets is presented below:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Land	\$ 1,821,577	\$ 1,854,492	\$ 1,855,709	\$ 1,855,709	\$ 1,855,709	\$ 1,855,709	\$ 1,855,709	\$ 1,861,749	\$ 1,855,709	\$ 1,881,735
Building	11,997,170	11,997,170	11,997,171	11,786,576	11,786,576	11,786,576	11,786,576	11,786,576	11,801,164	11,786,576
Building and Improvements	334,968	334,968	353,321	177,347	188,548	682,494	1,116,191	1,669,232	1,873,532	1,888,465
Revenue Vehicles	14,808,232	20,282,582	18,419,368	23,496,719	23,639,287	23,956,533	23,956,533	25,467,358	22,849,157	23,610,419
Service Vehicles	426,540	426,540	426,540	438,195	631,165	631,165	672,585	609,396	682,765	682,765
Shop & Garage Equipment	569,330	569,330	630,331	422,280	430,506	498,014	504,171	807,441	807,441	961,500
Furniture & Office	686,910	686,910	672,344	360,117	365,407	377,994	448,734	264,817	264,817	264,817
Communication Equipment	635,478	685,840	535,783	482,455	482,455	635,810	682,335	1,030,713	1,073,303	1,073,303
Miscellaneous	620,230	620,230	633,731	566,095	566,095	880,096	880,096	1,204,549	1,207,171	1,449,798
Construction in Progress	-	-	-	-	-	-	-	-	-	236,499
	31,900,435	37,458,062	35,524,298	39,585,493	39,945,748	41,304,391	41,902,930	44,701,832	42,415,060	43,835,877
Less Accumulated Depreciation	21,537,166	20,575,307	18,623,725	17,568,448	19,881,572	22,407,669	24,791,911	25,494,575	23,724,253	26,826,642
Total Net Capital Assets	<u>\$ 10,363,269</u>	<u>\$ 16,882,755</u>	<u>\$ 16,900,573</u>	<u>\$ 22,017,045</u>	<u>\$ 20,064,176</u>	<u>\$ 18,896,722</u>	<u>\$ 17,111,019</u>	<u>\$ 19,207,257</u>	<u>\$ 18,690,807</u>	<u>\$ 17,009,235</u>

GREATER PEORIA MASS TRANSIT DISTRICT

TABLE 15
CHANGE IN CAPITAL ASSETS
10 YEAR COMPARISON

Presented in the table below is a 10 year comparison of GPMTD's capital assets.

	2009	2019	% CHANGE	\$ CHANGE
Land	\$ 1,795,000	\$ 1,881,735	5%	\$ 86,735
Building	\$ 11,997,170	\$ 11,786,576	-2%	\$ (210,594)
Building and Improvements	\$ 334,968	\$ 1,888,465	464%	\$ 1,553,497 1)
Revenue Vehicles	\$ 13,133,482	\$ 23,610,419	80%	\$ 10,476,937 2)
Service Vehicles	\$ 451,890	\$ 682,765	51%	\$ 230,875 3)
Shop & Garage Equipment	\$ 569,330	\$ 961,500	69%	\$ 392,170 4)
Furniture & Office	\$ 686,910	\$ 264,817	-61%	\$ (422,093)
Communication Equipment	\$ 635,478	\$ 1,073,303	69%	\$ 437,825 5)
Miscellaneous	\$ 620,230	\$ 1,449,798	134%	\$ 829,568 6)
Construction in Progress	\$ -	\$ 236,499	N/A	\$ 236,499
	30,224,458	43,835,877	45%	13,611,419
Less Accumulated Depreciation	20,986,847	26,826,642	28%	\$ 5,839,795
Total Net Capital Assets	\$ 9,237,611	\$ 17,009,235	84%	\$ 7,771,624

NOTE:

- 1) Perimeter and Security Fence @ Administration Building. Shelter purchase and installations.
- 2) 4 Hybrid buses purchased in 2017. Transfer of 14 vehicles from Peoria County in 2019.
- 3) In 2010, GPMTD's Capitalization policy was amended with adjustment of non depreciable items.
- 4) 2 electric bus lifts purchased. Upgrade fuel island.
- 5) Video surveillance system purchased and installed.
- 6) Radio system for fixed routes and paratransit vehicles.

REPORT ON FEDERAL AWARDS

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.3363

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

To the Board of Trustees
Greater Peoria Mass Transit District
Peoria, Illinois

We have audited, 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, the financial statements of Greater Peoria Mass Transit District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Sikich LLP

Springfield, Illinois
November 22, 2019

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.3363

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Greater Peoria Mass Transit District
Peoria, Illinois

Report on Compliance for Each Major Federal Program

We have audited Greater Peoria Mass Transit District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 22, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of those 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Springfield, Illinois
November 22, 2019

GREATER PEORIA MASS TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Agency/Pass-Through Agency/Program or Cluster Title	Federal CFDA Number	Local Agency Number	Federal Expenditures
U.S. Department of Transportation			
Federal Transit Cluster:			
Direct Program:			
Federal Transit Formula Grants	20.507*	IL-2017-026-00	\$ 1,090,485
Federal Transit Formula Grants	20.507*	IL-2018-031-00	1,631,558
Federal Transit Formula Grants	20.507*	IL-90-X736-00	<u>109,666</u>
Total Federal Transit Formula Grants			<u>2,831,709</u>
Total Federal Transit Cluster			<u>2,831,709</u>
Transit Services Cluster:			
Passed Through:			
Tri-County Regional Planning Commission			
Job Access and Reverse Commute Program	20.516	IL-37-X088-00	36,415
New Freedom Program	20.521	IL-57-X029-00	<u>36,415</u>
Total Transit Services Cluster			<u>72,830</u>
Highway Planning and Construction Cluster:			
Passed Through:			
Illinois Department of Transportation			
Federal Highway Administration	20.205	19-1439-9910	<u>107,179</u>
Total Highway Planning and Construction Cluster:			<u>107,179</u>
Passed Through:			
Illinois Department of Transportation			
Federal Formula Grants for Rural Services	20.509	19-0338-11224	<u>147,743</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,159,461</u></u>

See accompanying notes to schedule of expenditures of federal awards.

GREATER PEORIA MASS TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

NOTE 1 – REPORTING ENTITY

This report on Federal Awards includes the federal awards of the Greater Peoria Mass Transit District. The reporting entity for the Greater Peoria Mass Transit District is based upon the criteria established by the Governmental Accounting Standards Board.

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of the Greater Peoria Mass Transit District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the district, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 3 – DESCRIPTION OF MAJOR PROGRAM

There was one major program for the year ended June 30, 2019, the Federal Transit Cluster. This grant was awarded by the Federal Transit Administration – U.S. Department of Transportation to the Greater Peoria Mass Transit District for the purposes of financing capital projects and supporting public transportation services in urbanized areas.

NOTE 4 – RECONCILIATION OF THE FINANCIAL STATEMENTS

The Federal aid is included in the statement of revenues, expenses and changes in net position as follows:

Maintenance assistance	\$	1,490,515
Operating assistance		
Feasibility operating assistance		546,501
Intergovernmental Passed through		
Tri-County Regional Planning Commission		72,830
Feasibility study		107,179
5311 Rural service operating assistance		147,743
Capital contributions		794,693
Total	\$	<u>3,159,461</u>

NOTE 5 – INDIRECT COST RATE

The Greater Peoria Mass Transit District has not elected to use the 10% de minimis indirect cost rate.

NOTE 6 – ADDITIONAL INFORMATION

As of and during the year ended June 30, 2019, the District did not receive any federal insurance or federal loans or loan guarantees. In addition, the District did not pass through any federal awards to sub-recipients.

GREATER PEORIA MASS TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<u> </u>	Yes	<u> X </u>	No
<u> </u>	Yes	<u> X </u>	None reported

Noncompliance material to financial statements noted?

<u> </u>	Yes	<u> X </u>	No
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Federal Awards

Type of auditor's report issued on compliance for major federal programs:

unmodified

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<u> </u>	Yes	<u> X </u>	No
<u> </u>	Yes	<u> X </u>	None reported

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?

<u> </u>	Yes	<u> X </u>	No
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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20.507	Federal Transit Formula Grants
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Dollar threshold used to distinguish between type A and type B programs:

 \$750,000

Auditee qualified as low-risk auditee?

<u> </u>	Yes	<u> X </u>	No
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GREATER PEORIA MASS TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questions Costs

None

Section IV – Summary of Prior Audit Findings

None

ILLINOIS DEPARTMENT OF TRANSPORTATION

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.3363

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS APPLICABLE TO THE
FINANCIAL ASSISTANCE RECEIVED UNDER
DOWNSTATE OPERATING ASSISTANCE GRANT OP-19-02-IL**

To the Board of Trustees
Greater Peoria Mass Transit District
Peoria, Illinois

Report on Compliance

We have audited Greater Peoria Mass Transit District's (the District) compliance 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, 2019. The District's financial assistance is identified in the Schedule of Revenue and Expense Under Downstate Operating Assistance Grant OP-19-02-IL. 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 under the downstate operating assistance grant.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the District 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 State of Illinois Department of Transportation. 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 the state 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 as reasonable basis for our opinion on compliance with the laws and regulations applicable to the financial assistance received under the downstate operating assistance grant. However, our audit does not provide a legal determination of the District's compliance.

Opinion

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that have a direct and material effect on the downstate operating assistance grant for the year ended June 30, 2019.

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

Sikich LLP

Springfield, IL
November 22, 2019

GREATER PEORIA MASS TRANSIT DISTRICT

**SCHEDULE OF REVENUE AND EXPENSE UNDER
DOWNSTATE OPERATING ASSISTANCE GRANT OP-19-02-IL**

For the Year Ended June 30, 2019

OPERATING REVENUES AND INCOME

401	Passenger fares for transit services	\$ 1,520,291
402	Special transit Fares	314,012
406	Auxiliary revenue	283,822
407	Non-transportation revenue	724,192
413.99	Sec. 5307 capital funds applied to state eligible operating expenses	2,037,016
440	Subsidy from other sectors of operations	<u>529,000</u>

Total operating revenue	<u>5,408,333</u>
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Operating Expenses

501	Labor	8,732,287
502	Fringe benefits	9,686,689
503	Professional service	1,822,145
504	Materials and supplies consumed	2,992,428
505	Utilities	200,808
506	Casualty and liability	535,852
507	Taxes	6,115
508	Net purchased transportation	4,205,062
509	Miscellaneous expenses (includes \$0 capitalized items <\$5,000)	377,507
512	Leases, rentals, and purchase-lease payments	<u>43,086</u>

Total operating expenses	<u>28,601,979</u>
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Ineligible Expenses:

APTA and IPTA dues	4,300
Other - expenses reimbursed with pass through Federal Feasibility Operating grant (COA)	107,179
Other - expenses reimbursed with JAC, New Freedom grant	72,829
Other - expenses reimbursed from 5311	<u>147,743</u>

Less: Total ineligible expenses	<u>332,051</u>
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Total eligible operating expenses	28,269,928
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Total operating revenue and Income	<u>5,408,333</u>
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Deficit	<u>\$ 22,861,595</u>
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65% of eligible expenses	<u>\$ 18,375,455</u>
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Maximum contract amount	<u>\$ 22,663,463</u>
-------------------------	----------------------

Eligible FY19 Downstate Operating Assistance (deficit, 65% of eligible expenses, or maximum contract amount, whichever is less)	<u>\$ 18,375,455</u>
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FY19 Downstate Operating Assistance received (prior to close of fiscal year)	<u>\$ 17,978,538</u>
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FY19 Downstate Operating Assistance receivable (at close of fiscal year and subsequently received)	<u>\$ -</u>
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FY19 Downstate Operating Assistance (over) under paid	<u>\$ 396,917</u>
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3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.3363

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS APPLICABLE TO THE
FINANCIAL ASSISTANCE RECEIVED UNDER THE
5311 OPERATING ASSISTANCE GRANT 09-19-00-FED**

To the Board of Trustees
Greater Peoria Mass Transit District
Peoria, Illinois

Report on Compliance

We have audited Greater Peoria Mass Transit District's (the District) compliance 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, 2019. The District's financial assistance is identified in the Schedule of Revenue and Expense Under THE 5311 Operating Assistance Grant OP-19-00-FED. We also tested the calculation of the State's participation in the District's operating deficit and the 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 under the 5311 operating assistance grant.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the District 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 "5311 Operating Assistance Grant Agreement" with the State of Illinois Department of Transportation. 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 the state 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 as reasonable basis for our opinion on compliance with the laws and regulations applicable to the financial assistance received under the 5311 operating assistance grant. However, our audit does not provide a legal determination of the District's compliance.

Opinion

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that have a direct and material effect on the 5311 operating assistance grant for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is described in the accompanying schedule of findings and questioned costs as item 2019-001 and 2019-002. Our opinion on compliance is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs (2019-001, 2019-002). The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Sikich LLP

Springfield, IL
November 22, 2019

GREATER PEORIA MASS TRANSIT DISTRICT

Required Audited Schedule of Revenues and Expenses under
the 5311 Operating Assistance Grant OP-19-00-FED
Operating Period July 1, 2018 to June 30, 2019
Contract Number IL-19-0338-11224

Revenue

Line Item	Description	Total
401	Passenger Fares/ Donations	\$ 54,390
402	Special Transit Fares	34,806
405	Charter Service	-
406	Auxiliary Transportation	-
407	Non-Transportation Revenue	-
430	Contributed Services	-
440	Other:	-
	Total Revenue	89,196
	Section 5311 Operating Revenue	\$ 89,196

Expenses

Line Item	Eligible Expenses	Actual Administrative Expenses	Actual Operating Expenses	Total
501	Labor	\$ 60,424	\$ -	\$ 60,424
502	Fringe Benefits	32,332	-	32,332
503	Services	-	11,706	11,706
504.01	Fuel and Oil	-	143,891	143,891
504.02	Tires and Tubes	-	-	-
504.99	Other Materials	-	-	-
505	Utilities	-	-	-
506	Casualty and Liability	-	-	-
507	Taxes	-	-	-
508	Purchase of Service	-	575,660	575,660
509	Miscellaneous	-	-	-
511	Interest Expense	-	-	-
512	Lease and Rentals	-	-	-
	Other:	-	-	-
	Total Expenses	\$ 92,756	\$ 731,257	\$ 824,013

Revised 02/08/2017

OIPI OP-ASRE-5311

GREATER PEORIA MASS TRANSIT DISTRICT

**Required Audited Schedule of Revenues and Expenses under
the 5311 Operating Assistance Grant OP-19-00-FED
Operating Period July 1, 2018 to June 30, 2019
Contract Number IL-19-0338-11224**

Expenses

	Administrative Expenses	Operating Expenses	Total	
1) Expenses: Per Single Audit	\$ 92,756	\$ 731,257	\$ 824,013	
2) Less: Ineligible Expenses per Single Audit	\$ -	\$ -	\$ -	
3) Net Eligible Expenses ((1)-(2))	\$ 92,756	\$ 731,257	\$ 824,013	
4) Less: Section 5311 Operating Revenues (From Page 1)		\$ 89,196	\$ 89,196	
5) Section 5311 Operating Deficit ((3)-(4))		\$ 642,061		
6) Section 5311 Deficit ((3)-(4))			\$ 734,817	
7) Section 5311 Reimbursement %	x 80%	x 50%		
				Grant
				Total
A) Eligible Reimbursement Per Percentages	\$ 74,205	\$ 365,629		\$ 439,833
B) Funding Limits per Contract				\$ 147,743
C) Maximum Section 5311 Reimbursement: (Lesser of Totals for (A) or (B))			\$ 147,743	\$ 147,743
D) Less: IDOT Payments-Section 5311 Reimbursement to Grantee				\$ -
E) Amount (Over) Under Paid ((C)-(D))				\$ 147,743
F) Grantee Local Match Requirement (Operating Deficit-(C))			\$ 587,074	

GRANTEE MATCH SOURCES	AMOUNTS
Downstate Operating Grant	\$ 477,631
Local Contracts	34,806
In-Kind Services, Subsidies, Donations	74,637
TOTAL LOCAL MATCH (Must equal (F))	\$ 587,074
LOCAL TRANSIT FUNDS RETAINED (CARRY FORWARD ACCOUNT)	
BEGINNING CARRY FORWARD (C.F.A.) BALANCE	\$ -
FY Local Transit (Local Contracts) Amounts Received	34,806
Less expended for Capital \$ Operating \$	(34,806)
ENDING CARRY FORWARD (C.F.A.) BALANCE	\$ -

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

Prepared By: _____

Title: _____

Reviewed By/PCOM: _____

Date: _____

CPA Approval: _____

Date: _____

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GREATER PEORIA MASS TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2019

Finding 2019-001 – Untimely Filing of Reports

Criteria/Specific Requirement: Title 92 of the Administrative Code and the District's grant agreement with the Illinois Department of Transportation requires that all transit systems file quarterly reports of transit operations. According to the grant agreement, the reports is due no later than the following dates: December 1st, March 1st, May 1st, and August 1st for the 1st, 2nd, 3rd, and 4th quarters, respectively.

Condition: When testing quarterly reports, it was noted that the District did not file any of their quarterly reports within the prescribed timelines. However, the grant agreement was not executed by the Department and District until March 15, 2019. Accordingly, Quarters 1 and 2 could be filed timely due to not have an executed agreement with the Department. Quarter 3 and 4 reports were not filed until August 19, 2019 with respective due dates of May 1, 2019 and August 1, 2019.

Effect: The District is not complying with the grant agreements and reporting deadlines.

Cause: The untimely filing of the reports was due to miscommunication between Peoria County and the District as the District took over the 5311 grant from the County in FY19.

Questioned Costs: None noted.

Recommendation: We recommend management create a schedule to specify days in which the reports will be prepared, reviewed, and filed.

Management's Response: The District will work to submit future reports in a timelier manner.

Finding 2019-002 – Inaccurate Quarterly Reporting of Revenue

Criteria/Specific Requirement: Title 92 of the Administrative Code and the District's grant agreement with the Illinois Department of Transportation requires that all transit systems file accurate quarterly reports, reflecting actual revenue and expense data.

Condition: When testing quarterly reports, it was noted that the District did not accurately report actual project income for all quarters. Passenger fare revenues for general ridership was not reported at all and special transit service contracts were overstated.

Effect: The District is not complying with the grant agreements and reporting requirements.

Cause: The inaccurate filing of the reports was due to miscommunication between Peoria County, the transit service contractor and the District as the District took over the 5311 grant from the County in FY19.

Questioned Costs: Total project income was underreported by \$22,806.

Recommendation: We recommend management work closely with the contracted service provider to ensure project income is accurately reports.

Management's Response: The District will work to submit accurate quarterly reports.



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