SPRINGFIELD MASS TRANSIT DISTRICT
OPERATING AS SANGAMON MASS TRANSIT DISTRICT
Springfield, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2018 and 2017

SPRINGFIELD MASS TRANSIT DISTRICT
Springfield, Illinois

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Springfield, Illinois

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the proprietary and fiduciary funds of Springfield Mass Transit District, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Springfield Mass Transit District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Springfield Mass Transit District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Springfield Mass Transit District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matters

As discussed in Note 1 and Note 8, Springfield Mass Transit District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions* effective July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Fixed Route Operating Expenses Before Depreciation, Paratransit Operating Expenses Before Depreciation, UIS Operating Expenses Before Depreciation,Computation of Federal Operating Assistance, and Schedule of Expenditures of Federal Awards as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules as identified are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated December 20, 2018 on our consideration of the Springfield Mass Transit 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 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 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 Springfield Mass Transit District's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
December 20, 2018

OVERVIEW OF DISTRICT OPERATIONS

The Springfield Mass Transit District (District) provides fixed-route bus transportation throughout the greater Springfield area. Daytime service is provided on 16 routes Monday through Saturday. Buses are wheelchair lift equipped. Four routes operate in night service Monday through Friday.

The District also operates a Paratransit service for persons with disabilities, who are unable to use fixed-route buses, through the ACCESS Springfield system. Individuals with disabilities must complete an application to determine their eligibility for the service, per the Americans with Disabilities Act guidelines. The days and hours of service are the same as those for the fixed-route service.

A seven member Board of Trustees is appointed by the Sangamon County Board of Supervisors to oversee the policies and operations of the District. The Trustees are appointed to serve staggered 5-year terms.

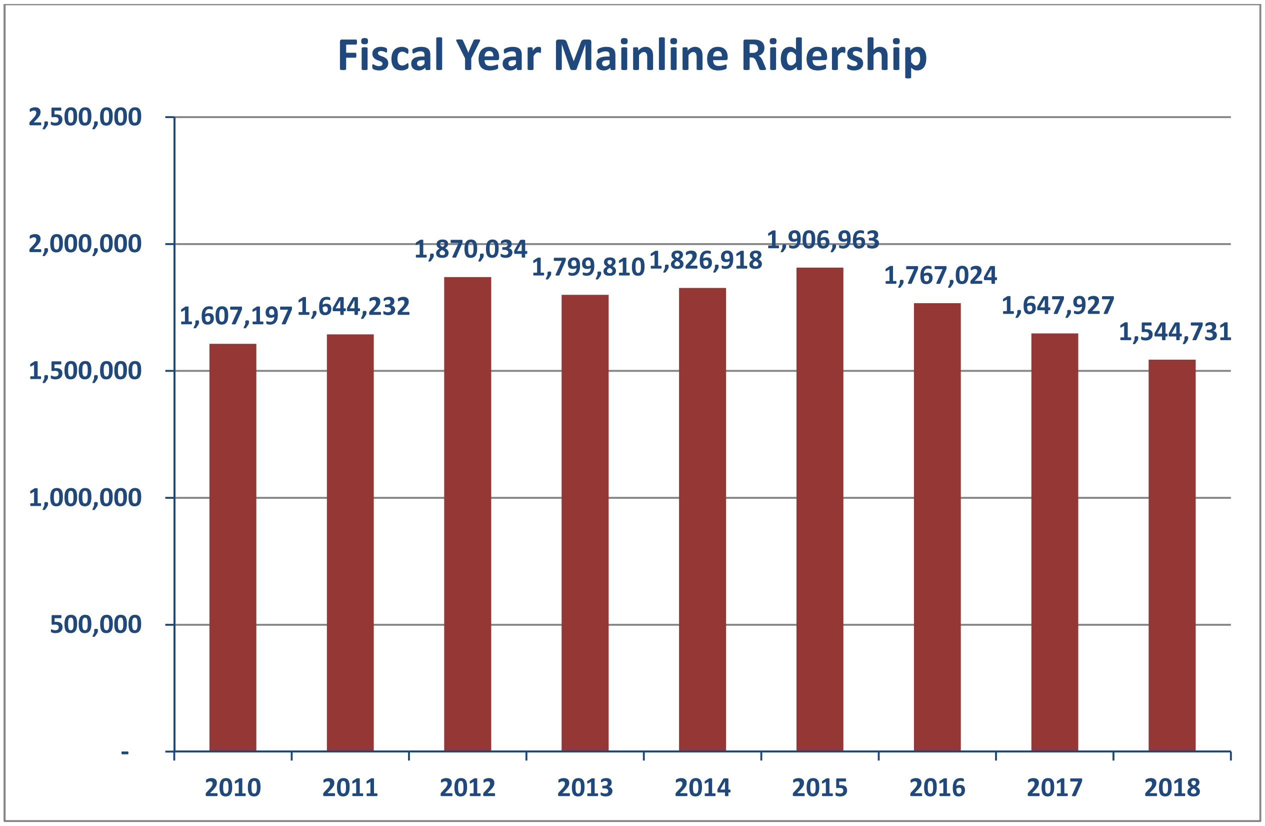
DISTRICT FINANCIAL AND OPERATIONAL HIGHLIGHTS

The financial statements of the District are presented on a proprietary fund basis. Accounting principles used are similar to principles applicable in the private sector. The District's annual report consists of the Statements of Net Position; the Statements of Revenue, Expenses and Changes in Net Position; and the Statements of Cash Flows. These statements are the measures used to evaluate the short-term and long-term outlook of the District's finances and are used in conjunction with the Annual Budget and Appropriations Ordinance, which is the District's financial plan for the fiscal year.

In addition, the District reports the OPEB trust fund as a fiduciary fund. This fund was established June 1, 2015 and is used to account for and report resources that are held in trust for the members and beneficiaries of the Districts other post-employment benefit plan.

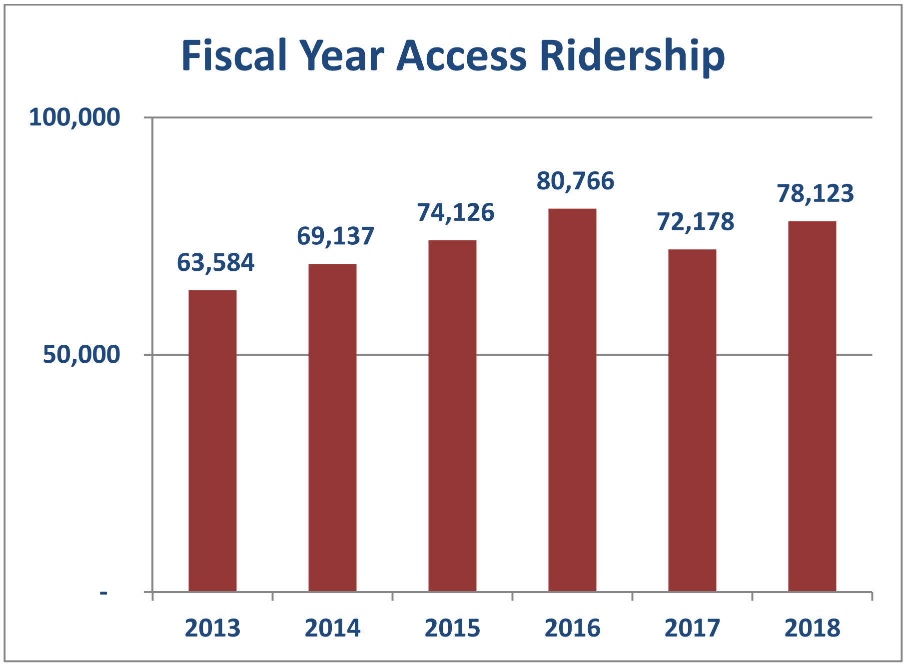
The District ended FY 2018 with a total mainline ridership of 1,544,731. This is a decline from FY 2017 of 103,196 rides or 6.26%. Three routes that include stops at UIS saw an 18% decline in ridership. The District has seen a steady decline over the last three years. Lower fuel costs and rider sharing services such as Uber and Lyft are reasons for this nationwide trend. Chart 1 shows yearly mainline ridership for the past nine years.

Chart 1



Paratransit service is holding steady. The District has numerous service contracts with local non-profit agencies. These contracts provide a benefit to the organizations for the transportation needs of disabled participants. Access ridership is summarized in Chart 2.

Chart 2



FINANCIAL ANALYSIS OF PROPRIETARY FUND

The Statements of Net Position include assets, deferred outflows, liabilities and deferred inflows of the District. The difference between assets and liabilities as reflected on the Statements of Net Position represents the financial position of the District and provides information about the entity's liquidity and financial flexibility.

A three-year summary of the District's Net Position is presented below (Table 1).

Table 1
Condensed Statements of Net Position

	FY2018	FY2017	FY2016
Current and other assets	$10,305,817	$ 9,883,572	$ 9,780,375
Non-Current assets	3,895,076	1,146,895	2,193,078
Capital assets	31,997,195	23,773.990	22,454.426
Total assets	46,198,088	34,804,457	34,427,879
Deferred outflows of resources	1,518,872	2,723,674	3,497,585
Current and other liabilities	3,366,556	2,394,640	2,827,979
Noncurrent liabilities	9,048,654	1,364,309	2,739,561
Total liabilities	12,415,210	3,758,949	5,567,540
Deferred inflows of resources	2,921,458	435,725	299,391
Net Position			
Net investment in capital assets	31,997,195	23,773,990	22,454,426
Restricted for pensions	2,755,247	-	-
Unrestricted	(2,372,150)	9,559,467	9,604,107
Total Net Position	$32,380,292	$33,333,457	$32,058,533

For the year ending June 30, 2018:

- Capital assets increased $8.2 million (34.6%) from $23.8 million to $32 million. Table 3 provides details of this change.
- Unrestricted Net Position used to finance the District operations decreased $12 million (124.8%) from $9.6 million to ($2.4) million due to the first year GASB 75 implementation's adjustment.
- The District's Net Position decreased $1 million (2.9%) from $33.3 million to $32.3 million.

For the year ending June 30, 2017:

- Unrestricted Net Position used to finance the District operations had a slight decrease of $45 thousand (.5%) from $9,604,107 to $9,559,467.
- The District's Net Position increased $1.3 million (4.0%) from $33.3 million to $32.0 million.

A summary of the District's Statements of Revenue, Expenses and Changes in Net Position is presented in Table 2-A. A more detailed review of Revenue and Expenses is presented in Table 2-B.

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

	FY2018	FY2017	FY2016
Operating Revenues	$1,166,362	$1,258,823	$1,358,050
Non-Operating Revenues	15,015,740	12,892,250	12,873,998
Total Revenues	16,182,102	14,151,073	14,232,048
Operation and Maintenance Expenses	14,357,373	14,102,432	14,421,782
Depreciation	1,932,087	1,912,937	1,739,794
Total Expenses	16,289,460	16,015,369	16,161,576
Net Income (Loss) Before Contributions	$ (107,358)	$(1,864,296)	$(1,929,528)
Capital Contributions	7,360,700	3,139,220	1,270,060
Change in Net Position	7,253,342	1,274,924	(659,468)
Cumulative Effect of Change in Accounting Principle	(8,206,507)	-	-
Net Position – Beginning of Year	33,333,457	32,058,533	32,718,001
Net Position - End of Year	$32,380,292	$33,333,457	$32,058,533

For the year ending June 30, 2018:

- Operating Revenue decreased $92 thousand (7.3%) from $1.3 million to $1.2 million.
- Non-Operating Revenue increased $2.1 million (16.5%) from $12.9 million to $15 million.
- Capital Contributions increased $4.2 million as a result of state funds being used for bus purchases. The funds were granted in FY 2014 but were put on hold until FY 2016 due to state fiscal crisis. The funds were drawn down in FY 2018.
- The $8.2 million decrease to net position is due to the first year GASB 75 implementation for the adjustment of the District's total OPEB obligation.
- With the significant adjustment necessary for GASB 75, the District was still able to maintain a favorable Net Position with only a $953 thousand (2.9%) decline.

For the year ending June 30, 2017:

- Operating Revenue decreased $99 thousand (7.3%) from $1.4 million to $1.3 million.
- Capital Contributions increased $1.9 million due to federal assistance granted for land purchase for the site of the new transfer center.

Table 2-B
Detailed Revenue and Expenses

	FY2018	FY2017	FY2016
Full Price Fares	$ 956,154	$ 1,026,492	$ 1,121,833
Discounted Fares	86,095	118,741	112,422
Advertising	124,113	113,590	123,795
Total Operating Revenues	1,166,362	1,258,823	1,358,050
Local Taxes	2,678,733	2,647,086	2,603,143
State/Federal Operating Assistance	12,202,490	10,406,505	10,210,991
Investment Income	78,196	44,437	55,507
Other	56,321	(205,778)	4,357
Total Non-Operating Revenues	15,015,740	12,892,250	12,873,998
Total Revenues	$16,182,102	$14,151,073	$14,232,048
Salaries	$ 7,291,561	$ 7,196,636	$ 6,942,347
Fringe Benefits	3,313,008	3,349,366	3,901,555
Professional Services	517,315	627,118	689,707
Materials and Supplies	2,121,651	1,857,622	1,687,472
Casualty and Liability Insurance	646,830	671,969	796,232
Other	467,009	399,721	404,469
Total Operation and Maintenance Expenses	$14,357,373	$14,102,432	$14,421,782

Revenues:
Approximately 90% of Operating Revenue comes from passenger fares. Fares declined $103 thousand (9.0%) and $89 thousand (7.2%) in FY 2018 and 2017, respectively.

Advertising declined $10 thousand in FY 2017 but rebounded $10.5 thousand in 2018. There is usually an uptick in advertising revenue during political campaign election years.

The significant increase in Non-Operating Revenue in FY 2018 was primarily due to State/Federal Operating Assistance increase of $1.8 million (17.3%). State Assistance accounted for $1.3 million which was used for debt service projects; and Federal Assistance accounted for the remaining $.5 million. The formula for downstate operating expenses is 65% of eligible operating expense subject to the maximum annual appropriation and limited further by a comparison to the eligible deficit.

Local taxes also increased $32 thousand (1.2%) and $44 thousand (1.7%) in FY 2018 and 2017, respectively. The tax receipts grow based on the CPI from the previous year.

Gain/Loss on Disposal of Fixed Assets is included in Other Non-Operating Revenue. There was a net loss on disposal of fixed assets in FY 2017 of $214 thousand.

Expenses:
Salary/wage expense accounts for half of the District's total expenses. Salaries increased $95 thousand (1.3%) in FY 2018 and $254 thousand (3.7%) in FY 2017. The FY18 (1.3%) increase compared to the FY17 (3.7%) increase is attributable to lower turnover which reduced training time and efficiencies made to the standby time scheduling process.

Fringe Benefits decreased $36 thousand (-1.1%) and $552 thousand (-14.1%) in FY 2018 and 2017, respectively. There was a decrease in IMRF expense in FY 2017 from what was recorded in FY 2016 by $797 thousand. FY 2016 was elevated due to the GASB 68 adjustment. Workman's compensation claim credits were also elevated in FY 2016 which offset some of the fringe benefit expenses overall. The District now has an HRA tied to its health insurance which can make the expense more volatile. Health insurance held steady in FY 2017 but declined $129 thousand in 2018.

Professional Services continue to decline. Services decreased $110 thousand (-17.5%) in FY 2018 and $62 thousand (-9.1%) in FY 2017. During FY 2017 there was a change to the claim services vendor. FY 2017 also saw the installation of security devices which allowed for the cancellation of the security guard service

Materials and Supplies increased $264 thousand (14.2%) and $170 thousand (10.1%) in FY 2018 and 2017 respectively. Bus Parts had a significant increase of $283 thousand (55.2%) in FY 2017 due to aging busses. The increase slowed to $31 thousand (3.9%) in FY 2018. Fuel expense was another line item with significant increase. FY 2018 saw an increase of $178 thousand (31.9%) while FY 2017 had an increase of $119 thousand (27.3%). Repairs were slightly up in FY 2018; $13 thousand (7.4%) from a decline in FY 2017 of $100 thousand (-37.2%).

Casualty and Liability decreased $25 thousand (-3.7%) and $124 thousand (-15.6%) in FY 2018 and 2017, respectively. Liability claims have been on the decline since the District changed claim service vendors. Claims dropped $90 thousand (39.0%) in FY 2017 and another $59 thousand (41.5%) in FY 2018.

CAPITAL ASSET ANALYSIS

A summary of the District's capital assets is presented in Table 3.

Table 3
Capital Assets at Year-end
(In Thousands)

	FY18	FY17	FY16
Land	$ 3,885	$ 3,738	$ 1,149
Parking lot	893	114	114
Passenger shelters	462	442	442
Administration building	1,233	1,223	1,354
Buildings	825	526	-
Buses and Paratransit vans	29,060	21,707	21,184
Cars and trucks	295	234	234
Storage garage	1,788	1,788	2,001
Maintenance shop and office	7,749	7,749	7,749
Garage equipment	848	868	874
Office furniture and fixtures	144	150	150
Two-way radio equipment	19	19	19
Other assets & construction work in progress	1,928	1,340	2,462
Non-transit rental property	105	105	105
Telephone system	42	42	42
Stockroom and machine shop	176	176	176
CNG fueling station	1,779	1,779	1,754
Total	51,231	42,000	39,809
Less accumulated depreciation	(19,234)	(18,226)	(17,355)
Capital assets – net	$ 31,997	$ 23,774	$ 22,454

For the year ending June 30, 2018:

- Parking lot - Concrete parking lot for SID Property – valued at $779 thousand.
- Building - Renovations and landscaping to SID Property – valued at $299 thousand.
- Buses/Paratransit vans - Twenty buses were added and two were disposed of – net value $7,335 thousand; Five Paratransit vans were replaced – net value $18 thousand.
- Cars and trucks – Replaced 3 Road Supervisor Vehicles.
- Other assets – Security system for Admin Building – valued at $80 thousand; Fence around SID Property – valued at $80 thousand.
- Construction work in progress – Balance has increased $414 thousand to $940 thousand for 2018. The ITS Project ($703 thousand) and the Transfer Center ($208 thousand) are two projects that account for the majority of the balance.

For the year ending June 30, 2017:

- Land - The Bunn/Greco/Horace Mann land was booked in FY17 – valued at $2,589 thousand.
- Admin Building – HVAC system was replaced - Net value ($131) thousand.
- Building - Planned Parenthood building – valued at $352 thousand; SID Property metal building – valued at $174 thousand.
- Buses/Paratransit vans - Two buses were added and one was disposed of – net value $557 thousand; Four Paratransit vans were added and six disposed of – net value ($34) thousand.
- Storage Garage - HVAC units were replaced in the Storage Garage – net value ($213) thousand.
- Construction work in progress – Balance decreased $972 thousand in FY17. Transfer Center land purchases were completed and reclassified from WIP to Land.

FINANCIAL ANALYSIS OF FIDUCIARY FUND

A summary of the Net Position of the District's OPEB Trust Fund is presented in Table 4.

Table 4
Condensed Statement of Net Plan Position
Fiduciary Fund

	FY2018	FY2017	FY2016
Cash and cash equivalents	$ 32,830	$ 571,332	$ 3,366
Interest receivable	92,519	65,345	54,684
Municipal bonds	5,121,942	4,018,946	3,535,555
Net Position Restricted for OPEB	$5,247,291	$4,655,623	$3,593,605

A summary of the Changes to Net Position of the District's OPEB Trust Fund is presented in Table 5.

Table 5
Statement of Changes in Fiduciary Net Position
Fiduciary Fund

	FY2018	FY2017	FY2016
Employer contributions	$ 753,911	$1,392,384	$ 903,684
Benefits paid out	(345,139)	(322,917)	(320,495)
Net investment gain (loss)	182,896	(7,449)	229,864
Net Increase (Decrease) in Net Position	591,668	1,062,018	813,053
Net Position – Beginning of Year	4,655,623	3,593,605	2,780,552
Net Position – End of Year	$5,247,291	$4,655,623	3,593,605

YEAR IN REVIEW

- Seventeen 35-foot buses were received, financed by a combination of Federal, State and Local funds.
- An ITS project began in FY-2017 and is scheduled to conclude in FY 2019. The project includes the launch of Computer Aided Dispatching and Automatic Vehicle Location (CAD/AVL) software, Automatic Passenger Counter system (APC), Automatic Voice Annunciator system (AVA) as well as Real Time Passenger Information system (RTIS) and an Interactive Voice Response telephone system (IVR).
- The construction of an off-street transfer center began in 2018 and will conclude in 2019. New bus shelters were also purchased for the transfer center and building renovations will occur in 2019 to provide the operators with an area for breaks.
- The District began the process to completely revamp all of the bus routes. The new routes will begin January 2019.
- The District will begin new transit service in Chatham, Sherman, Riverton, and Spaulding in September 2018.
- Construction concluded on additional employee parking at 1110 S. 9th Street.

Future Projects – 2019/2020

- Procurements documents are in development for the implementation of an electronic fare collection system. The procurement is expected to conclude in 2019 with full launch to conclude in 2020.
- The District will revamp fare structure to allow for multiple payment options.
- The District will purchase additional buses which will put SMTD in 100% State of Good Repair.
- The District will conclude construction for a secondary transfer point in 2019.

CONTACTING THE DISTRICT'S MANAGEMENT

The financial reports of the District provide an overview for the public of the financial accountability the District maintains for the resources received. Further questions concerning this report should be directed to Frank Squires, Managing Director or Diane K. Townsend, Director of Finance & Administration, Springfield Mass Transit District, 928 South Ninth Street, Springfield, IL 62704.

You may contact the SMTD for fixed-route information by calling (217) 522-5531 and may reach ACCESS SPRINGFIELD by calling (217) 522-8594. Route and schedule information, bus pass and fare information, announcements, employment information, bid information, and information on how to advertise on buses is available at www.smtd.org.

SPRINGFIELD MASS TRANSIT DISTRICT

STATEMENTS OF NET POSITION
PROPRIETARY FUND
As of June 30, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and investments	$ 3,906,970	$ 5,508,569
Accounts Receivable		
Taxes - net	1,208,403	1,300,560
Operating assistance grants - net	1,737,763	1,399,725
Capital assistance grants	2,341,573	650,489
Other	319,154	114,299
Materials and supplies inventories	753,309	885,811
Prepaid expenses	38,645	24,119
Total Current Assets	10,305,817	9,883,572
NONCURRENT ASSETS		
OPEB asset	-	2,077
Investments	1,139,829	1,144,818
Net pension asset	2,755,247	-
Capital Assets		
Capital assets, not being depreciated	4,929,944	4,354,974
Property and equipment	46,301,078	37,645,269
Accumulated depreciation	(19,233,827)	(18,226,253)
Total Noncurrent Assets	35,892,271	24,920,885
Total Assets	46,198,088	34,804,457
DEFERRED OUTFLOWS OF RESOURCES		
OPEB deferred outflows	908,490	-
Pension deferred outflows	610,382	2,723,674
Total Deferred Outflows	1,518,872	2,723,674
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,382,280	1,168,276
Line of Credit	1,144,911	-
Accrued payroll	149,938	129,834
Accrued payroll taxes and retirement	176,906	603,555
Accrued compensated absences	508,161	489,380
Other current liabilities	4,360	3,595
Total Current Liabilities	3,366,556	2,394,640
NONCURRENT LIABILITIES		
Net OPEB liability	9,048,654	-
Net pension liability	-	1,364,309
Total Noncurrent Liabilities	9,048,654	1,364,309
Total Liabilities	12,415,210	3,758,949
DEFERRED INFLOWS OF RESOURCES		
Pension deferred inflows	2,921,458	435,725
NET POSITION		
Net investment in capital assets	31,997,195	23,773,990
Restricted for pensions	2,755,247	-
Unrestricted	(2,372,150)	9,559,467
TOTAL NET POSITION	$ 32,380,292	$ 33,333,457

See accompanying notes to financial statements.

SPRINGFIELD MASS TRANSIT DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Full adult fares	$ 956,154	$ 1,026,492
Senior citizen, student, and handicapped fees	24,624	37,360
Local student fare assistance	61,471	81,381
Advertising revenue	124,113	113,590
Total Operating Revenues	1,166,362	1,258,823
OPERATION AND MAINTENANCE EXPENSES	14,357,373	14,102,432
Operating Loss Before Depreciation	(13,191,011)	(12,843,609)
DEPRECIATION	1,932,087	1,912,937
Loss From Operations	(15,123,098)	(14,756,546)
NONOPERATING REVENUES (EXPENSES)		
Local taxes	2,678,733	2,647,086
Grants		
State of Illinois - Downstate Public Transportation Assistance Program		
Operating assistance	10,477,491	9,150,045
Federal Transit Administration		
Operating assistance	1,724,999	1,182,010
UIS and Route 19 service operating assistance	-	36,512
Capital assistance for operating items	-	37,938
Investment income	78,196	44,437
Interest on property taxes	1,375	60
Other income	38,000	8,187
Net gain/(loss) on disposal of capital assets	16,946	(214,025)
Total Nonoperating Revenues	15,015,740	12,892,250
Net Income Before Contributions	(107,358)	(1,864,296)
CAPITAL CONTRIBUTIONS		
Capital assistance - Federal	2,846,865	2,968,955
Capital assistance - State	4,100,000	-
Capital contributions - other	413,835	170,265
Total Capital Contributions	7,360,700	3,139,220
CHANGE IN NET POSITION	7,253,342	1,274,924
NET POSITION - Beginning of Year	33,333,457	32,058,533
Cumulative effect of change in accounting principle	(8,206,507)	-
NET POSITION - END OF YEAR	$ 32,380,292	$ 33,333,457

See accompanying notes to financial statements.

SPRINGFIELD MASS TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for transit fares	$ 837,394	$ 1,102,909
Cash received from sales of charters, advertising and rental income	162,113	121,777
Wages and benefits paid to employees	(10,189,366)	(11,014,087)
Payments to suppliers for goods and services	(3,649,504)	(4,070,951)
Net Cash Flows From Operating Activities	(12,839,363)	(13,860,352)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies Received From		
State of Illinois	11,864,452	7,995,058
Federal Transit Administration	-	2,410,277
Property and income taxes received	2,770,890	2,647,086
Line of credit draws	1,144,911	-
Alternative fuel credit received	-	126,587
Net Cash Flows From Noncapital Financing Activities	15,780,253	13,179,008
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants Received From		
Federal Transit Administration and State of Illinois	5,255,781	2,445,454
Purchase and construction of capital assets	(9,882,830)	(3,147,244)
Net Cash Flows From Capital and Related Financing Activities	(4,627,049)	(701,790)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments sold	4,989	1,048,260
Investment income	79,571	44,497
Net Cash Flows From Investing Activities	84,560	1,092,757
Net Change in Cash and Cash Equivalents	(1,601,599)	(290,377)
CASH AND CASH EQUIVALENTS – Beginning of Year	5,508,569	5,798,946
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,906,970	$ 5,508,569
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Loss on disposal of capital assets	$ -	$ 214,025
Contributed assets	$ 413,835	$ -

	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$ (15,123,098)	$ (14,756,546)
Nonoperating revenue		
Rental income	38,000	8,187
State assistance adjustment on alternative fuel credit	-	(62,405)
Noncash items included in operating loss		
Depreciation expense	1,932,087	1,912,937
Changes in Assets and Liabilities		
Accounts receivable	(204,855)	20,081
Prepaid expenses	(14,526)	7,227
Materials and supplies	132,502	39,607
Pension liability, deferrals, and asset	479,469	69,676
Accounts payable	372,323	(236,477)
Net OPEB liability/obligation and deferrals	(64,266)	(536,760)
Accrued wages and benefits	38,885	(245,675)
Other liabilities	(425,884)	(80,204)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (12,839,363)	$ (13,860,352)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION ACCOUNTS		
Cash and investments - current	$ 3,906,970	$ 5,508,569
Investments - noncurrent	1,139,829	1,142,741
OPEB asset	-	2,077
Total Cash and Investments	5,046,799	6,653,387
Less: Noncash equivalents	1,139,829	1,144,818
CASH AND CASH EQUIVALENTS	$ 3,906,970	$ 5,508,569

See accompanying notes to financial statements

SPRINGFIELD MASS TRANSIT DISTRICT

STATEMENT OF NET POSITION
FIDUCIARY FUND
As of June 30, 2018 and 2017

	OPEB Trust Fund 2018	OPEB Trust Fund 2017
CURRENT ASSETS		
Cash and cash equivalents	$ 32,830	$ 571,332
Interest receivable	92,519	65,345
Total Current Assets	125,349	636,677
NONCURRENT ASSETS		
Municipal bonds	5,121,942	4,018,946
TOTAL ASSETS	5,247,291	4,655,623
NET POSITION		
Net position restricted for OPEB	$ 5,247,291	$ 4,655,623

See accompanying notes to financial statements.

SPRINGFIELD MASS TRANSIT DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Years Ended June 30, 2018 and 2017

	OPEB Trust Fund 2018	OPEB Trust Fund 2017
ADDITIONS		
Employer contributions	$ 753,911	$ 1,392,384
Net investment gain	182,896	-
Total Additions	936,807	1,392,384
DEDUCTIONS		
Benefits	345,139	322,917
Net investment loss	-	7,449
Total Deductions	345,139	330,366
NET INCREASE (DECREASE) IN NET POSITION	591,668	1,062,018
NET POSITION - Beginning of Year	4,655,623	3,593,605
NET POSITION - END OF YEAR	$ 5,247,291	$ 4,655,623

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Springfield 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 (a public benefit corporation) was created under the provisions of the "Illinois Local Mass Transit District Act." The members of the District's governing board are appointed by the Chairman of the Sangamon County Board with the consent of the County Board; however, the County's responsibility does not extend beyond the appointment process. Accordingly, the District does not meet the definition of a component unit of a primary government under the requirements of Governmental 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.

In addition, the District reports the OPEB trust fund as a fiduciary fund. This fund is used to account for and report resources that are required to be held in trust for the members and beneficiaries of the District's other post-employment benefit plan. The OPEB trust fund was established on June 1, 2015.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in July 2017. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The District adopted this statement effective July 1, 2017.

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

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

Cash and Investments

For the purpose of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents. The District considers its investment in the Illinois Funds Investment Pool to be the equivalent of cash. The investment pool is essentially a demand deposit account and deposits and withdrawals may be made at any time without prior notice or penalty. Nonnegotiable certificates of deposits are recorded at cost.

The types of investments allowed are regulated by Illinois State laws and are listed in Note 2. Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on market information as discussed in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Accounts Receivable

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

Materials and Supplies Inventories

Inventories of bus parts and lubricants are valued at the lower of cost or fair value using average invoice cost. Inventories of fuels are carried at the lower of cost or fair value, determined by the first-in, first-out method.

Prepaid Expenses

This represents amounts paid for services or insurance coverage applicable to future periods.

Net Pension Liability (Asset)

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 benefit terms. Investments are reported at fair value. Details are included in Note 7.

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

Capital assets are recorded at cost and depreciation is provided over the assets' estimated useful lives by the straight-line method. The useful lives of capital assets are estimated as follows:

	Years
Building and improvements	33-1/3
Light duty equipment	3 - 5
Medium duty vans	9
Service vehicles	6
Buses/fareboxes	12
Used buses	2
Computers/software	3
Furniture, fixtures, shelters, and other equipment	10 - 15

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

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time. Deferred outflows relate to the GASB Statement No. 68 pension liability and the GASB Statement No. 75 OPEB liability. Details of the accounts are included in Note 7 and 8.

Accrued Compensated Absences

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

Upon the death or IMRF retirement, full-time administrative employees hired prior to February 1, 2011 and full-time Bus Operators and Maintenance Technicians will be paid up to 25 days of unused sick time. Full-time administrative employees hired after February 1, 2011 will be paid up to 20 days of unused sick time. The sick time will be paid out to the employee at their regular rate of pay. Employees may forgo payment of entitled sick days in order to obtain additional service credit from IMRF. Any unused, unpaid sick time will be reported to the Illinois Municipal Retirement Fund (IMRF) to be used for additional service credit up to one year.

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

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

Other Postemployment Benefit Liability (Net OPEB Liability)

For purposes of measuring the net OPEB liability, OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan. For this purpose, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Prior to fiscal year 2018, the District measured its OPEB obligation (asset) under GASB 45.

Provision for Uninsured Claims

Claims for uninsured losses are reported in the financial statements based upon the requirements of Governmental Accounting Standards Board 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. The amount of claims liabilities at the end of the year is included in accounts payable on the District's statement of net position. See Note 9.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that future time. Pension deferred inflows relate to the GASB Statement No. 68 pension liability. Details of the account are included in Note 7.

Line of Credit

The District has a line of credit with Illinois National Bank in the amount of $3,000,000 that they draw on when receipt of grant funds does not correspond with payments due. The maturity date is November 22, 2020. The amount drawn on the line of credit was $1,144,911 as of June 30, 2018 and $0 as of June 30, 2017.

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

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

Net Position

Equity is classified as Net Position and is displayed in three components:

> *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net 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, 2018 and 2017.

> *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. Certain unexpended property tax revenues are restricted by state statutes and may only be used for the purposes for which they were originally levied. In both fiscal years 2018 and 2017, the District expended all of its property tax revenues; therefore, no restricted net position related to unexpended property tax revenue is reported.

> *Unrestricted net position* – The component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

REVENUES AND EXPENSES

Revenue Recognition

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

Property taxes due to the District, net of estimated uncollectible amounts, are recognized as revenues in the year for which they are levied. Revenue from the Illinois corporate personal property replacement tax is recognized to the extent that the tax is available for distribution to the District by the Illinois Department of Revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenue from passes and tokens is generally recognized at the time of sale.

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

REVENUES AND EXPENSES (cont.)

Capital Contributions

The District has received Federal, State, and Local funding for acquisition and construction of capital assets. In accordance with GASB Statement No. 33, this funding is reported as an increase in net position.

The Federal and State grants are subject to grantor agency compliance audits. Management believes losses, if any, resulting from those compliance audits are not material to these statements.

Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 86, *Certain Debt Extinguishment Issues*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* and Statement No. 90, *Majority Equity Interests, an amendment of GASB Statement No. 14 and No. 61.* When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

The District's investment policy allows the District to invest in instruments allowed by Illinois Compiled Statutes (ILCS). Specifically, the District is permitted to invest in the following:

1) Bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest.

2) Bonds, notes debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities.

3) Interest-bearing savings accounts, certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act.

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

4) Short-term obligations of corporations organized in the United States with assets exceeding $500 million. The obligation must be rated with one of the three highest classifications by two standard ratings services, must mature within 180 days of purchase, and such purchases cannot exceed 10 percent of the corporation's outstanding obligations.

5) Money market mutual funds registered under the Investment Company Act of 1940.

6) Interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district. The bonds must be rated at the time of purchase within the four highest general classifications established by a rating service of nationally recognized expertise.

The Illinois Funds are reported at $1 per share value, which equals the District's fair value of the pool. The District's Board, by resolution, periodically prescribes minimum acceptable interest rates for such investments and minimum collateral requirements for uninsured deposits and investments. Deposits and investments held by the District at June 30 consist of the following:

	2018		2017	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Checking and Savings	$ 2,042,059	$ 2,007,364	$ 560,610	$ 564,212
Money Market	52,359	52,359	1,350,659	1,350,659
Certificates of Deposit	968,472	968,211	975,980	964,677
Illinois Funds	1,880,078	1,880,078	4,165,052	4,165,052
Municipal Bonds	5,252,653	5,252,653	4,145,868	4,145,868
U.S. Agencies	40,906	40,906	53,197	53,197
Totals	$ 10,236,527	$ 10,201,571	$ 11,251,366	$ 11,243,665

	2018	2017
Reconciliation to financial statements		
Per statement of net position		
Current cash and investments	$ 3,906,970	$ 5,508,569
Noncurrent investments	1,139,829	1,144,818
Per statement of net position – Fiduciary Fund		
Cash and cash equivalents	32,830	571,333
Municipal bonds	5,121,942	4,018,945
Total Deposits and Investments	$ 10,201,571	$ 11,243,665

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. To guard against custodial credit risk for deposits with financial institutions, the District investment policy requires that deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) coverage amounts be collateralized with collateral in an amount of 100% of the uninsured deposits. At June 30, 2017, the District had a collateral agreement with a market value of $3,482,642. No collateral agreement was required to cover investments as of June 30, 2018. In addition, at June 30, 2018 and 2017, the District had an irrevocable, unconditional and nontransferable letter of credit in the amount of $3,000,000, to secure their operating account. At June 30, 2018 and 2017, the District had uncollateralized deposits with a carrying value of $0.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of June 30, 2018 and 2017, no investments were exposed to custodial credit risk.

The District's investment policy limits investing to security types that are allowed by ILCS.

Credit Risk

Investments

Credit risk is the risk an issuer to other counterparty to an investment will not fulfill its obligations. At June 30, 2018, the District's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U. S. Agencies	Not Rated, AA+	AAA
Municipal Bonds	BBB+, A-, A, A+, AA	Not rated, AA3, BAA4, A2, BAA1, A, AA
Illinois Funds	AAAm	Not rated

At June 30, 2017, the District's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U. S. Agencies	Not Rated, AA+	AAA
Municipal Bonds	BBB+, A-, A, A+, AA	Not rated, AA3, BAA4, A2, BAA1, A, AA
Illinois Funds	AAAm	Not rated

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

Investments (cont.)

The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poors upon the request of the Fund's management. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statue provides the Illinois State Treasurer with regulatory oversight over the Pool.

The District's investment policy addresses this risk by allowing investments that are rated at the time of purchase within the four highest classifications established by a rating service of nationally recognized expertise.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

At June 30, 2018 and 2017, the District's investments were as follows:

		Maturity in Years		
Investment Type	Fair Value	Less than 1 Year	1-5 Years	Greater than 5 Years
Current Cash and Investments				
Money Market Mutual Fund	$ 1,880,078	$ 1,880,078	$ -	$ -
Noncurrent Investments				
U.S. Agencies	40,906	-	-	40,906
Municipal Bonds	5,252,653	85,724	537,011	4,629,918
Total	$ 7,173,637	$ 1,965,802	$ 537,011	$ 4,670,824

		Maturity in Years		
Investment Type	Fair Value	Less than 1 Year	1-5 Years	Greater than 5 Years
Current Cash and Investments				
Money Market Mutual Fund	$ 4,165,052	$ 4,165,052	$ -	$ -
Noncurrent Investments				
U.S. Agencies	53,197	-	-	53,197
Municipal Bonds	4,145,868	-	622,695	3,523,173
Total	$ 8,364,117	$ 4,165,052	$ 622,695	$ 3,576,370

The District's investment policy addresses this risk by following the Illinois Public Investment Act which allows investments in Federal and local government bonds.

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Fair Value Measurement

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.

The valuation methods for recurring fair value measurements are as follows:

- Market approach with multidimensional model for investments held as Municipal Bonds and at U.S. Agencies.
- Market approach for investments held under the Illinois Funds.

	December 31, 2018			
Investment Type	Level 1	Level 2	Level 3	Total
Illinois Funds	$ 1,880,078	$ -	$ -	$ 1,880,078
Municipal Bonds and U.S. Agencies	-	5,293,559	-	5,293,559
Totals	$ 1,880,078	$ 5,293,559	$ -	$ 7,173,637

	December 31, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Illinois Funds	$ 4,165,052	$ -	$ -	$ 4,165,052
Municipal Bonds and U.S. Agencies	-	4,199,065	-	4,199,065
Totals	$ 4,165,052	$ 4,199,065	$ -	$ 8,364,117

NOTE 3 – LOCAL TAXES

Property taxes attach as an enforceable lien on real property as of January 1 in the year in which the taxes are levied. The District generally files its tax levy ordinance with Sangamon County in July of each year. Sangamon County bills, collects, and disburses the taxes of the District. The taxes are generally payable in two installments on June 1 and September 1. The taxes levied in July of 2017 became a lien on January 1, 2018, were payable in June and September of 2018 and recognized as revenue in fiscal year 2018. The taxes levied in July of 2016 became a lien on January 1, 2017, were payable in June and September of 2017 and recognized as revenue in fiscal year 2017. The taxes levied in July of 2018 will be received and recognized as revenue in fiscal year 2018. Amounts not received in September are written off in the current fiscal year and have historically been insignificant.

The District is permitted, without referendum, to levy taxes up to .25% per $100 of assessed valuation ($2,093,376,770 in 2018 and $2,062,711,711 in 2017) for general corporate purposes, .005% for auditing purposes, and in unlimited amounts for retirement and certain liability insurance and other costs, subject to annual statutory limitations on increases of the lesser of 5% or the increase in the consumer price index for the year. Taxes revenue and receivable at June 30 consist of the following:

	2018		2017	
	Revenue	Receivable	Revenue	Receivable
General corporate levy	$ 1,316,945	$ 610,165	$ 1,288,296	$ 657,366
Illinois Municipal Retirement Fund levy	383,459	179,350	372,123	191,604
Liability insurance levy	431,379	201,769	421,473	217,009
Social Security levy	391,785	183,245	382,409	196,893
Auditing levy	25,007	11,697	24,672	12,704
Replacement tax	130,158	22,177	158,113	24,984
Totals	$ 2,678,733	$ 1,208,403	$ 2,647,086	$ 1,300,560

NOTE 4 – OPERATING ASSISTANCE GRANTS

The Federal Transit Administration (FTA) reimburses the District for up to one-half of the District’s eligible operating losses incurred during the fiscal year, subject to certain limitations. The Division of Public Transportation, IDOT reimburses the District for 65% of the District’s eligible operating expenses subject to certain overall limitations. Operating grants received in excess of the amounts earned under the terms of the grants are required to be repaid to the grantor.

NOTE 4 – OPERATING ASSISTANCE GRANTS (cont.)

At June 30, amounts were due to the District from IDOT and the FTA as follows:

	2018	2017
IDOT FY 18 Operating assistance OP-18-05-IL	$ 165,020	$ -
IDOT FY 17 Operating assistance OP-17-05-IL	(1,058)	1,550,924
IDOT FY 16 Operating assistance OP-16-05-IL	46,061	46,061
IDOT FY 15 Operating assistance OP-15-05-IL	(134,710)	(134,710)
IDOT FY 14 Operating assistance OP-14-05-IL	(17,152)	(17,152)
IDOT FY 13 Operating assistance OP-13-05-IL	(1,833)	(1,833)
IDOT FY 12 Operating assistance OP-12-05-IL	(66,300)	(66,300)
IDOT FY 11 Operating assistance OP-11-05-IL	22,733	22,733
IDOT FY 97 Operating assistance OP-97-05-IL	(34,259)	(34,259)
IDOT FY 96 Operating assistance OP-96-05-IL	27,945	27,945
IDOT FY 95 Operating assistance OP-95-05-IL	20,670	20,670
IDOT FY 94 Operating assistance OP-94-05-IL	22,737	22,737
Less: Allowance for doubtful accounts	(37,093)	(37,093)
Total State Operating Assistance Receivable	12,761	1,399,723
Federal operating assistance receivable*	1,725,002	2
Total Operating Assistance Receivable	$ 1,737,763	$ 1,399,725

*This includes receivables for Projects IL-90-X712, IL-2018-0026 and IL-2017-009 operating assistance.

NOTE 5 – CAPITAL ASSISTANCE GRANTS

The FTA reimburses the District for the federal share of the District's capital expenditures incurred during the fiscal year according to individual grant agreements.

At June 30, amounts were due to the District, as follows:

	2018	2017
Federal Capital Assistance IL-90-X704	$ 10,090	$ 38,359
Federal Capital Assistance IL-04-X013	-	50,158
Federal Capital Assistance IL-90-X744	113,145	49,602
Federal Capital Assistance IL-90-X728	53,987	415,809
Federal Capital Assistance IL-2016-004-00	159,135	-
Federal Capital Assistance IL-2017-009-00	986	-
Federal Capital Assistance IL-2018-0020	27,728	-
Federal Capital Assistance IL-90-X712	14,030	-
Federal Capital Assistance IL-90-X069	50,674	96,561
Total Capital Assistance Receivable	$ 429,775	$ 650,489

NOTE 6 – CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2018 consists of the following:

	Balances July 1, 2017	Additions	Retirements	Balances June 30, 2018
Capital assets, not being depreciated				
Land	$ 3,842,817	$ 147,030	$ -	$ 3,989,847
Construction in progress	512,157	1,726,683	(1,298,743)	940,097
Total Capital Assets Not Being Depreciated	4,354,974	1,873,713	(1,298,743)	4,929,944
Capital assets, being depreciated				
Parking lot	113,715	778,992	-	892,707
Passenger shelters	441,870	24,106	(3,764)	462,212
Administration building	1,223,205	9,850	-	1,233,055
Transfer Center Building	525,861	299,420	-	825,281
Buses and paratransit vans	21,707,092	8,175,819	(823,064)	29,059,848
Cars and trucks	234,365	123,000	(62,247)	295,118
Storage garage	1,788,270	-	-	1,788,270
Maintenance shop and office	7,749,088	-	-	7,749,088
Garage equipment	867,779	10,689	(30,894)	847,574
Office furniture and fixtures	150,312	-	(6,544)	143,768
Two-way radio equipment	19,206	-	-	19,206
Other assets	827,575	160,446	-	988,020
Telephone system	41,537	-	-	41,537
Stockroom and machine shop	176,377	-	-	176,377
CNG fueling station	1,779,017	-	-	1,779,017
Total Capital Assets Being Depreciated	37,645,269	9,582,322	(926,513)	46,301,078
Total Capital Assets	$ 42,000,243	$ 11,456,035	$ (2,225,256)	$ 51,231,022

NOTE 6 – CHANGES IN CAPITAL ASSETS (cont.)

Accumulated depreciation activity for the year ending June 30, 2018 consists of the following:

	Balances July 1, 2018	Additions	Retirements	Balances June 30, 2018
Parking lot	$ 113,715	$ -	$ -	$ 113,715
Passenger shelters	204,248	30,524	(3,764)	231,009
Administration building	575,098	39,433	-	614,531
Transfer Center Building	31,001	15,776	-	46,777
Buses and paratransit vans	12,834,745	1,365,277	(821,064)	13,378,958
Cars and trucks	181,648	27,534	(62,247)	146,935
Storage garage	1,020,431	43,215	-	1,063,646
Maintenance shop and office	1,184,879	232,346	-	1,417,225
Garage equipment	660,841	31,854	(30,894)	661,800
Office furniture and fixtures	150,314	-	(6,544)	143,770
Two-way radio equipment	18,031	543	-	18,574
Other assets	774,549	21,694	-	796,243
Telephone system	41,537	-	-	41,537
Stockroom and machine shop	148,597	5,291	-	153,888
CNG fueling station	286,619	118,601	-	405,220
Total Accumulated Depreciation	18,226,253	1,932,087	(924,513)	19,233,827
Total Capital Assets Being Depreciated, Net	19,419,016	7,650,235	(2,000)	27,067,251
Total Capital Assets, Net of Accumulated Depreciation	$ 23,773,990	$ 9,523,948	$ (1,300,743)	$ 31,997,195

NOTE 6 – CHANGES IN CAPITAL ASSETS (cont.)

Capital asset activity for the year ending June 30, 2017 consists of the following:

	Balances July 1, 2016	Additions	Retirements	Balances June 30, 2017
Capital assets, not being depreciated				
Land	$ 1,254,468	$ 2,762,349	$ (174,000)	$ 3,842,817
Construction in progress	1,550,523	82,243	(1,120,609)	512,157
Total Capital Assets Not Being Depreciated	2,804,991	2,844,592	(1,294,609)	4,354,974
Capital assets, being depreciated				
Parking lot	113,715	-	-	113,715
Passenger shelters	441,870	-	-	441,870
Administration building	1,353,612	70,244	(200,651)	1,223,205
Transfer Center Building	-	525,861	-	525,861
Buses and paratransit vans	21,184,265	1,122,649	(599,822)	21,707,092
Cars and trucks	234,365	-	-	234,365
Storage garage	2,000,811	140,489	(353,030)	1,788,270
Maintenance shop and office	7,749,088	-	-	7,749,088
Garage equipment	873,744	18,278	(24,243)	867,779
Office furniture and fixtures	150,312	-	-	150,312
Two-way radio equipment	19,206	-	-	19,206
Other assets	911,647	22,572	(106,644)	827,575
Telephone system	41,537	-	-	41,537
Stockroom and machine shop	176,377	-	-	176,377
CNG fueling station	1,754,017	25,000	-	1,779,017
Total Capital Assets Being Depreciated	37,004,566	1,925,093	(1,284,390)	37,645,269
Total Capital Assets	$ 39,809,557	$ 4,769,685	$ (2,578,999)	$ 42,000,243

NOTE 6 – CHANGES IN CAPITAL ASSETS (cont.)

Accumulated depreciation activity for the year ending June 30, 2017 consists of the following:

	Balances July 1, 2016	Additions	Retirements	Balances June 30, 2017
Parking lot	$ 113,715	$ -	$ -	$ 113,715
Passenger shelters	175,886	28,362	-	204,248
Administration building	633,969	38,946	(97,817)	575,098
Transfer Center Building	-	31,001	-	31,001
Buses and paratransit vans	12,219,005	1,215,562	(599,822)	12,834,745
Cars and trucks	166,072	15,576	-	181,648
Storage garage	1,186,633	47,087	(213,289)	1,020,431
Maintenance shop and office	952,533	232,346	-	1,184,879
Garage equipment	620,700	64,384	(24,243)	660,841
Office furniture and fixtures	150,183	131	-	150,314
Two-way radio equipment	17,490	541	-	18,031
Other assets	851,275	29,918	(106,644)	774,549
Telephone system	41,537	-	-	41,537
Stockroom and machine shop	143,304	5,293	-	148,597
CNG fueling station	82,829	203,790	-	286,619
Total Accumulated Depreciation	17,355,131	1,912,937	(1,041,815)	18,226,253
Total Capital Assets Being Depreciated, Net	19,649,435	12,156	242,575	19,419,016
Total Capital Assets, Net of Accumulated Depreciation	$ 22,454,426	$ 2,682,748	$ 1,363,184	$ 23,773,990

NOTE 7 – DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (cont.)

BENEFITS PROVIDED

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% 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 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 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2017 and 2016, the following employees were covered by the benefit terms:

	2017	2016
Retirees and Beneficiaries currently receiving benefits	96	94
Inactive Plan Members entitled to but not yet receiving benefits	76	83
Active Plan Members	139	144
Totals	311	321

CONTRIBUTIONS

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2017 and 2016 was 13.72% and 16.01%, respectively. For the fiscal year ended June 30, 2018 and 2017, the District contributed $637,808 and $999,568, respectively to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (cont.)

NET PENSION LIABILITY

The District's net pension asset for fiscal year 2018 was measured as of December 31, 2017. The District's net pension liability for fiscal year 2017 was measured as of December 31, 2016. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2017 and 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.5%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for nondisabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for nondisabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 pg (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (cont.)

ACTUARIAL ASSUMPTIONS (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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation 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	Long-Term Expected Real Rate of Return
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

SINGLE DISCOUNT RATE

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN (cont.)

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability
Balances at December 31, 2015	$ 29,985,965	$ 27,781,087	$ 2,204,878
Changes for the year:			
Service cost	808,680	-	808,680
Interest on the total pension liability	2,217,364	-	2,217,364
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(220,505)	-	(220,505)
Changes of assumptions	(38,987)	-	(38,987
Contributions - employer	-	1,169,058	(1,169,058)
Contributions – employees	-	328,613	(328,613)
Net investment income	-	1,901,586	(1,901,586)
Benefit payments, including refunds of employee contributions	(1,571,968)	(1,571,968)	-
Other (net transfer)	-	207,864	(207,864)
Net Changes	1,194,584	2,035,153	(840,569)
Balances at December 31, 2016	$ 31,180,549	$ 29,816,240	$ 1,364,309
Changes for the year:			
Service cost	$ 810,388	$ -	$ 810,388
Interest on the total pension liability	2,304,616	-	2,304,616
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	(253,099)	-	(253,099)
Changes of assumptions	(1,045,383)	-	(1,045,383)
Contributions - employer	-	981,897	(981,897)
Contributions – employees	-	321,987	(321,987)
Net investment income	-	5,382,920	(5,382,920)
Benefit payments, including refunds of employee contributions	(1,715,072)	(1,715,072)	-
Other (net transfer)	-	(750,726)	750,726
Net Changes	101,450	4,221,006	(4,119,556)
Balances at December 31, 2017	$ 31,281,999	$ 34,037,246	$ (2,755,247)

NOTE 7 – 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 7.50%, 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:

Net Pension Liability (Asset)	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
December 31, 2017	$ 1,219,952	$ (2,755,247)	$ (6,037,973)
December 31, 2016	5,575,349	1,364,309	(2,091,117)

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

For the year ended June 30, 2018 and 2017, the District recognized pension expense of $1,118,218 and $1,069,243, respectively. At June 30, 2018 and 2017, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods				
Differences between expected and actual experience	$ 82,287	$ 490,516	$ 159,763	$ 404,297
Changes of assumptions	225,743	857,443	430,918	31,428
Net difference between projected and actual earnings on pension plan investments	-	1,573,499	1,487,493	-
Total Deferred Amounts to be recognized in pension expense in future periods	308,030	2,921,458	2,078,174	435,725
Pension Contributions made subsequent to the Measurement Date	302,352	-	645,500	-
Total Deferred Amounts Related to Pensions	$ 610,382	$ 2,921,458	$ 2,723,674	$ 435,725

NOTE 7 – DEFINED BENEFIT PENSION PLAN (cont.)

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

Deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending June 30	Net Deferred Outflows and Deferred Inflows of Resources
2018	$ (232,881)
2019	(567,195)
2020	(921,244)
2021	(892,108)
2022	-
Thereafter	-
Total	$ (2,613,428)

OUTSTANDING PAYABLES

At June 30, 2018 and 2017, the District had outstanding payables to IMRF of $125,169 and $475,774, respectively, related to June 2018 and 2017 employer, employee, and voluntary contributions, which are payable in the following month. These amounts are included in accounts payable on the Statements of Net Position.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. Springfield Mass Transit District (the "District") administers the District's Retiree Health Insurance Program-a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) on behalf of its eligible retirees and their dependents, as well as surviving spouses of deceased retirees of the District.

Management of the District is vested in the Board of Trustees (The "Board"), which consists of seven members appointed by the Sangamon County Board of Supervisors to oversee the policies and operations of the District.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

GENERAL INFORMATION ABOUT THE OPEB PLAN (cont.)

Employees covered by benefit terms. At June 30, 2018 and 2017, the Retiree Health Insurance Program membership consisted of the following:

	2018	2017
Retirees and Beneficiaries currently receiving benefits	61	61
Terminated employees entitled to benefits but not yet receiving them	-	-
Active plan members	92	92
	153	153

Benefits provided. Eligibility requirements and benefits provided for District operators and mechanics are as follows: The District will pay the Union adopted and District approved group medical coverage premium for any retired full-time employee who has retired on or after July 1, 1980 and before July 1, 1996, and have attained age 60 years at retirement. The District will pay the Union adopted and District approved group medical coverage premium for any retired employee who has retired on or after July 1, 1996 having attained the age of 55 years at retirement; provided, however, that each employee retiring on or after July 1, 1996 shall pay 50% of the monthly premium in excess of $225 per month up to a maximum out-of-pocket cost to the retiree of $35 per month. Further, provided that each employee retiring on or after December 31, 2006 shall pay 10% of the monthly premium up to a maximum out-of-pocket cost to the retiree of $58.90 per month. The District provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. Chapter 21 of the District Code grants the authority to establish and amend the benefit terms to the Board.

The District shall provide a $3,750 life insurance policy for all of its retired employees.

Amalgamated Transit Union (ATU) employees who retire on or after January 1, 2009 pay varying percentages of the retiree premium with varying maximums based on the following schedule:

Years of Service	% of Monthly Premium	Maximum Monthly Premium
10	40%	$ 125
11	37%	125
12	34%	110
13	28%	110
14	25%	110
15	22%	110
16+	11%	80

ATU members hired after June 30, 2011, will not be eligible for healthcare benefits upon retirement.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

GENERAL INFORMATION ABOUT THE OPEB PLAN (cont.)

The District will pay the approved group medical coverage premium for administration staff, paratransit administration, transportation department, and the supervisor/and assistant of maintenance who retire under IMRF and have attained the following years of service:

Years of Service	Full time before Feb, 2011 % of Monthly Premium Emp/Dep	Full time after Feb 2011 % of Monthly Premium Emp/Dep	Employee Maximum Monthly Premium
10	70%/0%	64%/0%	$ 125
11	74%/0%	67%/0%	125
12	81%/0%	73%/0%	110
13	84%/0%	76%/0%	110
14	88%/60%	79%/30%	110
15	90%/70%	80%/40%	110
16	100%/80%	90%/50%	80

Dependent coverage will be offered at the percentage of the actual cost.

For employees hired after August 1, 2012, no health care benefit will be offered upon retirement.

Upon reaching Medicare age, employees enroll in Medicare Part B coverage. At that time, Medicare becomes the primary insurance policy and the District plan becomes supplemental. The premium for the supplemental plan is reduced. The retiree continues to contribute toward the reduced premium according to the tier that they retired under as outlined above.

Contributions. The District negotiates the contribution percentage between the District and employees through the union contracts and personnel policy. Retirees are required to contribute applicable premiums as defined in the Union Agreement and the District contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay as you go). For the fiscal years ended June 30, 2018 and 2017, the District contributed $753,911 and $1,392,384, respectively. Active employees do not contribute to the plan until retirement.

NET OPEB LIABILITY

The District's net OPEB liability reported as of June 30, 2018 was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

NET OPEB LIABILITY (cont.)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Inflation Rate	2.5%
Salary Increase Rate	2.5%
Discount Rate	4.5%
Healthcare cost trend rate	8.5% for 2018, decreasing to an ultimate rate of 4.0% for 2073 and later years
Investment rate of return	4.5%

Mortality rates were based on the RP-2014 Total Dataset Mortality Tables with fully generational mortality improvement using Scale MP-2017. Healthy Retiree and Beneficiary mortality rates were based on the RP-2014 Mortality Table with Blue Collar Adjustment with fully generational mortality improvement using Scale MP-2017.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	5%	0%
U.S. Equity	-	-
International Equity	-	-
Real estate	-	-
U.S. Fixed Income	95	2.99
Total	100%	

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

NET OPEB LIABILITY (cont.)

Discount rate. The discount rate used to measure the total OPEB liability was 4.5 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

CHANGES IN THE NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2017	$ 13,190,458	$ 3,593,605	$ 9,596,853
Changes for the year:			
Service cost	239,570	-	239,570
Interest	597,166	-	597,166
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions-employer	-	1,392,384	(1,392,384)
Contributions-employee	-	-	-
Net investment income	-	(7,449)	7,449
Benefit payments	(322,917)	(322,917)	-
Administrative expense	-	-	-
Net changes	513,819	1,062,018	(548,199)
Balances at June 30, 2018	$ 13,704,277	$ 4,655,623	$ 9,048,654

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (3.5 percent) or 1-percentage-point higher (5.5 percent) than the current discount rate:

	1% Decrease (3.5%)	Discount Rate (4.5%)	1% Increase (5.5%)
Net OPEB liability (asset)	$ 11,343,970	$ 9,048,654	$ 7,212,466

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE NET OPEB LIABILITY (cont.)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.0% - 7.5%)	Healthcare Cost Trend Rate (4.0% - 8.5%)	1% Increase (5.0% - 9.5%)
Net OPEB liability (asset)	$ 7,114,221	$ 9,048,654	$ 11,479,930

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

For the year ended June 30, 2018, the District recognized OPEB expense of $689,606. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	154,579	-
Employer contributions made subsequent to the measurement date	753,911	-
Total	$ 908,490	$ -

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

Year Ended December 31:	
2019	$ 38,645
2020	38,645
2021	38,645
2022	38,644
2023	-
Thereafter	-

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB TRUST

Net OPEB Liability of the District

The components of the net OPEB liability of the District at June 30, 2018 and 2017 were as follows:

	2018	2017
Total OPEB liability	$ 14,229,767	$ 13,704,277
Plan fiduciary net position	5,247,291	4,655,623
District's net OPEB liability	$ 8,982,476	$ 9,048,654
Plan fiduciary net position as a percentage of the total OPEB liability	36.88%	33.97%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Inflation Rate	2.5%
Salary Increase Rate	2.5%
Discount Rate	4.5%
Initial Trend Rate	8.5%
Ultimate Trend Rate	4.0%
Years to Ultimate	55
Investment rate of return	4.5%

Mortality rates were based on the RP-2014 Total Dataset Mortality Tables with fully generational mortality improvement using Scale MP-2017. Healthy Retiree and Beneficiary mortality rates were based on the RP-2014 Mortality Table with Blue Collar Adjustment with fully generational mortality improvement using Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB TRUST (cont.)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return 2018
Cash and Cash Equivalents	5%	0%
U.S. Equity	-	-
International Equity	-	-
Real estate	-	-
U.S. Fixed Income	95	2.99
Total	100%	

Discount rate. The discount rate used to measure the total OPEB liability was 4.5 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Investment policy. The District's policy in regard to the allocation of invested assets is established and may be amended by the District's Board by a majority vote of its members. It is the policy of the District's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The District's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The Board has not adopted an asset allocation policy as of June 30, 2017 or 2018.

Rate of return. For the years ended June 30, 2018 and 2017, the annual money-weighted rate of return on investments, net of investment expenses, was 4.07% and 5.4%, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB TRUST (cont.)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (3.5 percent) or 1-percentage-point higher (5.5 percent) than the current discount rate:

Net OPEB liability (asset)	1% Decrease (3.5%)	Discount Rate (4.5%)	1% Increase (5.5%)
June 30, 2018	$ 11,302,310	$ 8,982,476	$ 7,122,022
June 30, 2017	11,343,970	9,048,654	7,212,466

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB liability (asset)	1% Decrease (3.0% - 7.5%)	Healthcare Cost Trend Rate (4.0% - 8.5%)	1% Increase (5.0% - 9.5%)
June 30, 2018	$ 6,909,437	$ 8,982,476	$ 11,591,169
June 30, 2017	7,114,221	9,048,654	11,479,930

PRIOR YEAR DISCLOSURES REQUIRED UNDER GASB STATEMENT NO. 45

The District had an actuarial valuation under GASB No. 45 performed for the plan as of June 30, 2015 to determine the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2016 and 2017. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2014	$ 1,001,800	$ 303,891	30.33%	$ 2,791,655
June 30, 2015	883,163	3,091,629	350.06%	583,189
June 30, 2016	855,178	903,684	105.67%	534,683
June 30, 2017	855,598	1,392,371	162.74%	(2,077)

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

PRIOR YEAR DISCLOSURES REQUIRED UNDER GASB STATEMENT NO. 45 (cont.)

The OPEB obligation (NOPEBO) as of June 30, (latest information available) was calculated as follows:

	2017	2016
Annual required contribution	$ 860,074	$ 860,074
Interest on OPEB obligation	24,061	26,230
Adjustments to annual required contribution	(28,537)	(31,126)
Annual OPEB cost	855,598	855,178
Contributions made	1,392,358	903,684
Increase/(Decrease) in OPEB Obligation	(536,760)	(48,506)
OPEB Obligation – Beginning of Year	534,683	583,189
OPEB Obligation (Asset) – End of Year	$ (2,077)	$ 534,683

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2017*, was as follows:

Actuarial accrued liability (AAL)	$ 11,387,302
Actuarial value of plan assets	2,780,552
Unfunded Actuarial Accrued Liability (UAAL)	$ 8,606,750
Funded ratio (actuarial value of plan assets/AAL)	24.42%
Covered payroll (active plan members)	$ 6,894,788
UAAL as a percentage of covered payroll	124.83%

* The amounts presented above are as of June 30, 2015, the most recent actuarial valuation date.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (cont.)

ANNUAL OPEB COSTS AND NET OPEB OBLIGATION (cont.)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Board had designated certain investments for the payment of future OPEB costs beginning in fiscal year 2013. Because these resources were not part of a segregated OPEB trust until fiscal year 2015, they could not be treated as plan assets for actuarial purposes. These investments are shown as plan assets for the fiscal years ended June 30, 2017 and 2016.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.50% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.00% reduced by 0.5% each year to arrive at an ultimate healthcare cost trend rate 5.00%. Increases in health care costs use an inflation rate between 0.0% and 4.2% depending on the age group. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at June 30, 2016 and June 30, 2017 was 20 years.

NOTE 9 – CONTINGENT LIABILITIES AND SELF-INSURANCE

The District's participation in various state and federally-assisted grant programs is subject to acceptance of compliance audits by the grantors. Accordingly, the District's compliance with applicable grant requirements may be established at some future date. Management believes the District has complied with the terms and conditions of its grants, and that proposed adjustments, if any, will not be material.

In September 1985, the District became self-insured for losses arising from workers' compensation and public liability claims. On July 1, 2015, the District purchased first dollar worker's compensation coverage for new claims.

For the year ended June 30, 2018, the District paid $132,238 in full or partial settlement of various claims and paid an additional $74,896 for claims adjustment and related legal services. In addition, $618,624 had been provided, net of estimated subrogation rights, for estimated losses on 17 unsettled claims outstanding at the end of the year.

For the year ended June 30, 2017, the District paid $140,061 in full or partial settlement of various claims and paid an additional $145,362 for claims adjustment and related legal services. In addition, $689,364 had been provided, net of estimated subrogation rights, for estimated losses on 24 unsettled claims outstanding at the end of the year.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

A reconciliation of the changes in the total liabilities for claims for the current fiscal year and the prior fiscal year are shown below:

	2018	2017
Amount of claims liabilities, at the beginning of the year	$ 689,364	$ 760,064
Incurred claims for the current year and changes in the provision for events of prior years	136,395	214,723
Payments of claims attributable to the current and prior years	(207,135)	(285,423)
Amount of Claims Liabilities, at the End of the Year	$ 618,624	$ 689,364

NOTE 9 – CONTINGENT LIABILITIES AND SELF-INSURANCE (cont.)

The amount of claims liabilities at the end of the year is included in accounts payable on the District's statement of net position.

Type	Coverage		Expiration
Travelers			
Deluxe Property	26,010,374	Aggregate	7/1/18
Employee Toolboxes	500,000	Aggregate	7/1/18
Commercial Automobile	4,000,000	Per Occurrence	7/1/18
Commercial General Liability	2,000,000	Aggregate	7/1/18
	1,000,000	Per Occurrence	7/1/18
Employee Benefits Liability	3,000,000	Aggregate	7/1/18
	1,000,000	Per Occurrence	7/1/18
Workers Compensation	500,000	Per Occurrence	7/1/18
General Liability	1,000,000	Per Occurrence	7/1/18
Employer's Liability	500,000	Per Occurrence	7/1/18
Cincinnati Insurance			
Vehicle Physical Damage	18,832,092	Aggregate	7/1/18

For those exposures covered by insurance policies, settled claims have not exceeded insurance coverage purchased for the past three fiscal years. Employee life and health risks are insured through the purchase of a group insurance plan.

NOTE 10 – COMMITMENTS

The District entered into an agreement with the Greater Springfield Chamber of Commerce (Chamber) for economic development planning and implementation. The term of the agreement is from July 1, 2015 to June 30, 2016. The District agreed to pay the Chamber $30,000 in equal quarterly installments for their services. This agreement may be extended from year to year with the Board's approval and has been extended through fiscal year 2017. In fiscal year 2018 this agreement is now with the Land of Lincoln Economic Development Corporation (EDC). The new agreement runs through April 30, 2019. SMTD has agreed to pay up to $30,000 to the EDC as approved by the Board.

During fiscal year 2018, the District entered into an agreement with Sangamon County related to the construction contract for parking on two separate lots, an East lot on Adams Street Owned by Sangamon County and a West lot on Adams street owned by the District. The west lot will be leased by Sangamon County from the District and the East lot will be leased by the District upon completion of the West parking lot. The Construction contract will be administered by the District. The District will pay the contractor for the West Lot. The County agrees to reimburse the District for the construction costs associated with the West Lot, in an amount not to exceed $249,767.07.

NOTE 10 – COMMITMENTS (cont.)

GRANTS

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

NOTE 11 – CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

The District adopted GASB Statement No. 75 effective July 1, 2017. The cumulative effect of implementation is reflected as a change in net position as follows:

GASB No. 45 OPEB asset	$ 2,077
July 1, 2017 GASB No. 75 net OPEB liability	(9,596,853)
District contributions to OPEB made after the measurement date, July 1, 2017	1,388,269
Cumulative Effect of a Change in Accounting	$ (8,206,507)

REQUIRED SUPLEMENTARY INFORMATION

SPRINGFIELD MASS TRANSIT DISTRICT

DEFINED BENEFIT PENSION PLAN – REQUIRED SUPPLEMENTARY INFORMATION
UNAUDITED

Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended December 31, 2017, 2016, 2015, and 2014

Calendar Year Ended December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	$ 810,388	$ 808,680	$ 778,118	$ 783,068
Interest on the Total Pension Liability	2,304,616	2,217,364	2,140,553	1,938,489
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(253,099)	(220,505)	(372,237)	392,191
Changes of Assumptions	(1,045,383)	(38,987)	38,180	1,000,791
Benefit Payments, including Refunds of Employee Contributions	(1,715,072)	(1,571,968)	(1,500,605)	(1,335,128)
Net Change in Total Pension Liability	101,450	1,194,584	1,084,009	2,779,411
Total Pension Liability - Beginning	31,180,549	29,985,965	28,901,956	26,122,545
Total Pension Liability - Ending (A)	$ 31,281,999	$ 31,180,549	$ 29,985,965	$ 28,901,956
Plan Fiduciary Net Position				
Contributions - Employer	$ 981,897	$ 1,169,058	$ 658,258	$ 670,876
Contributions - Employees	321,987	328,613	333,546	310,710
Net Investment Income	5,382,920	1,901,586	143,042	1,674,448
Benefit Payments, including Refunds of Employee Contributions	(1,715,072)	(1,571,968)	(1,500,605)	(1,335,128)
Other (Net Transfer)	(750,726)	207,864	(715,970)	(84,827)
Net Change in Plan Fiduciary Net Position	4,221,006	2,035,153	(1,081,729)	1,236,079
Plan Fiduciary Net Position - Beginning	29,816,240	27,781,087	28,862,816	27,626,737
Plan Fiduciary Net Position - Ending (B)	$ 34,037,246	$ 29,816,240	$ 27,781,087	$ 28,862,816
Net Pension Liability (Asset) - Ending (A) - (B)	$ (2,755,247)	$ 1,364,309	$ 2,204,878	$ 39,140
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.81%	95.62%	92.65%	99.86%
Covered Valuation Payroll	$ 7,155,258	$ 7,302,495	$ 7,305,587	$ 6,910,358
Net Pension Liability (Asset) as a Percentage of Covered Valuation Payroll	-38.51%	18.68%	30.18%	0.57%

Notes to Schedule:

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

See accompanying independent auditors' report.

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For retirees, an IMRF specific mortality table was used with fully generated projection scale MP-2014 (base year 2012). For non-disabled retirees, the IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, 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, 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, 2013, actuarial valuation; note two-year lag between valuation and rate setting.

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

SPRINGFIELD MASS TRANSIT DISTRICT

DEFINED BENEFIT PENSION PLAN – REQUIRED SUPPLEMENTARY INFORMATION
UNAUDITED

Schedule of Employer Contributions
For the Year Ended June 30, 2018, 2017, 2016, & 2015

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	685,651	685,651	-	6,809,007	10%
2016	1,137,580	1,137,580	-	6,626,856	17%
2017	999,568	999,568	-	6,894,788	14%
2018	637,808	637,808	-	6,989,415	9%

See accompanying independent auditors' report.

Schedule of Changes in the Net OPEB Liability and Related Ratios
For Plan Fiscal Years ended June 30, 2018**

	2018	2017
Total OPEB Liability		
Service Cost	$ 250,351	$ 239,570
Interest	620,278	597,166
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	(345,139)	(322,917)
Net Change in Total OPEB Liability	525,490	513,819
Total OPEB Liability - Beginning	13,704,277	13,190,458
Total OPEB Liability - Ending (A)	$ 14,229,767	$ 13,704,277
Trust Net Position		
Contributions - Employer	$ 753,911	$ 1,392,384
Contributions - Employees	-	-
Net Investment Income (loss)	182,896	(7,449)
Administrative expenses	-	-
Benefit Payments, including Refunds of Employee Contributions	(345,139)	(322,917)
Other	-	-
Net Change in Net Position Held in Trust	591,668	1,062,018
Trust Net Position - Beginning	4,655,623	3,593,605
Trust Net Position - Ending (B)	$ 5,247,291	$ 4,655,623
Net OPEB Liability - Ending (A) - (B)	$ 8,982,476	$ 9,048,654
Trust Fiduciary Net Position as a Percentage of Total OPEB Liability	36.88%	33.97%
Covered Employee Payroll	$ 5,264,646	$ 6,894,788
Net OPEB Liability as a Percentage of Covered Employee Payroll	170.62%	131.24%

*GASB Statement No. 74 was implemented as of June 30, 2017. Information in this schedule will be presented on a prospective basis.

**The District liability as of June 30, 2018 is based on plan year ended June 30, 2017.

See accompanying independent auditors' report.

Actuarial valuation information relative to the determination of contributions:

Valuation Date:	June 30, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry age normal
Asset Valuation Method:	Market Value
Price Inflation:	2.50%
Healthcare Cost Trend Rates:	8.5% initial, decreasing to an ultimate rate of 4.0%
Salary Increases:	2.50% annually
Investment Rate of Return:	4.50%
Mortality:	Actives: RP-2014 Total Dataset Mortality Tables with fully generational improvement using Scale MP-2017 Healthy Retirees, Beneficiaries and Covered Spouses: RP-2014 Mortality Tables with Blue Collar adjustment and fully generational improvement using Scale MP-2017 Disabled Members: RP-2014 Disabled Annuitant Mortality Tables with fully generational improvement using Scale MP-2017

SPRINGFIELD MASS TRANSIT DISTRICT

OTHER POSTEMPLOYMENT BENEFIT PLAN - REQUIRED SUPPLEMENTARY INFORMATION - UNDER GASB NO. 45

Schedule of Funding Progress Under GASB No. 45:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c]
06/30/11	$ -	$ 8,649,161	$ 8,649,161	0.00%	$ 5,811,066	148.84%
06/30/13	-	10,518,112	10,518,112	0.00%	6,007,052	175.10%
06/30/13 *	2,780,552	10,518,112	7,737,560	26.44%	6,007,052	128.80%
06/30/15	2,780,552	11,387,302	8,606,750	24.42%	6,148,928	139.97%

The District implemented GASB Statement No. 45 for the fiscal year ended June 30, 2010.

*Prior to fiscal year ended June 30, 2015, the Board had designated certain investments for the payment of future OPEB costs, but since they were not part of a segregated OPEB trust, they could not be treated as plan assets for actuarial purposes. The District established a segregated OPEB Trust during fiscal year 2015, therefore the funds can now be treated as plan assets for actuarial purposes.

Schedule of Employer Contributions Under GASB No. 45:

Fiscal Year Ended	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2014	$ 303,891	$ 906,537	33.52%
2015	3,091,629	906,537	341.04%
2016	903,684	860,074	105.07%
2017	1,392,371	860,074	161.89%

Note: In 2015, the District set up the OPEB trust with the previously designated funds. As a result, the entire amount of the previously designated funds is included in employer contributions for 2015.

Schedule of Sponsor Contributions
For the Year Ended June 30, 2018

	2018	2017
Actuarially determined contribution	$ 829,047	$ 860,074
Contributions in relation to the actuarially determined contribution	753,911	1,392,371
Contribution deficiency (excess)	$ 75,136	$ (532,297)
Covered-employee payroll	$ 5,264,646	$ 6,894,788
Contributions as a percentage of covered-employee payroll	14.32%	20.19%

*GASB Statement No. 74 was implemented as of June 30, 2017. Information in this schedule will be presented on a prospective basis.

See accompanying independent auditors' report.

Schedule of Investment Returns
For the Year Ended June 30, 2018

	2018	2017
Annual money-weighted rate of return, net of investment espnse	4.07%	5.40%

*GASB Statement No. 74 was implemented as of June 30, 2017. Information in this schedule will be presented on a prospective basis.

SUPPLEMENTAL INFORMATION

SPRINGFIELD MASS TRANSIT DISTRICT

SCHEDULE OF FIXED ROUTE OPERATING EXPENSES BEFORE DEPRECIATION
For the Year Ended June 30, 2018

	Vehicle Operations	Vehicle Maintenance	Facilities Maintenance	General Administration	Total 2018	Total 2017
LABOR						
Operator's salaries and wages	$ 3,555,972	$ -	$ -	$ -	$ 3,555,972	$ 3,558,571
Operator's paid absences	553,659				553,659	$ -
Other salaries and wages	546,325	906,919	52,214	467,838	1,973,296	1,961,005
Other paid absences	-	182,279	6,605	75,688	264,572	-
FRINGE BENEFITS	2,043,578	626,288	22,153	584,550	3,276,569	3,833,900
SERVICES						
Advertising fees	-	-	-	44,980	44,980	39,932
Professional technical services	-	-	-	222,602	222,602	294,074
Contract maintenance service	-	-	56,128	-	56,128	49,508
Custodial services	-	-	23,384	-	23,384	25,942
Security services	-	-	-	3,518	3,518	81,557
Other services	-	-	-	91,104	91,104	72,229
MATERIAL AND SUPPLIES CONSUMED						
Fuel and lubricants	602,742	11,083	-	-	613,825	458,513
Tires and tubes	91,514	-	-	-	91,514	85,974
Other materials and supplies	-	859,730	162,532	70,400	1,092,662	1,019,007
UTILITIES	-	-	-	251,921	251,921	236,679
CASUAL AND LIABILITY COSTS						
Premiums for excess liability coverage	-	-	-	157,167	157,167	422,917
Premiums for physical damage insurance	-	-	-	70,604	70,604	75,842
Recoveries of physical damage losses	-	-	-	(37,461)	(37,461)	(41,842)
Premiums for other corporate insurance	-	-	-	35,676	35,676	32,201
Uninsured losses, net of recoveries	-	-	-	40,891	40,891	74,287
LICENSES AND TAXES						
Vehicle licensing and registration fees	2,109	564	14,913	-	17,586	14,047
MISCELLANEOUS EXPENSES						
Travel and meetings	-	-	-	28,384	28,384	5,290
Dues and subscriptions	-	-	-	56,536	56,536	56,820
Other	-	-	-	54,823	54,823	37,542
LEASE EXPENSE	-	-	-	8,665	8,665	3,465
TOTALS	$ 7,395,899	$ 2,586,863	$ 337,929	$ 2,227,886	$ 12,548,577	$ 12,397,460

This schedule does not include University of Illinois at Springfield (UIS) service operating expenses. The program was fully funded by Federal Operating Grant IL-90-X651-00.

SPRINGFIELD MASS TRANSIT DISTRICT

SCHEDULE OF PARATRANSIT OPERATING EXPENSES BEFORE DEPRECIATION
For the Year Ended June 30, 2018

	Vehicle Operations	Vehicle Maintenance	Facilities Maintenance	General Administration	Total 2018	Total 2017
LABOR						
Operator's salaries and wages	$ 606,563	$ -	$ -	$ -	$ 606,563	$ 544,922
Operator's paid absences	32,575				32,575	-
Other salaries and wages	155,225	34,031	5,801	77,551	272,608	267,358
Other paid absences	18,794		734	12,785	32,313	-
FRINGE BENEFITS	299,694	15,000	2,462	39,000	356,156	354,296
SERVICES						
Advertising fees	-	-	-	2,087	2,087	1,895
Professional technical services	-	-	-	37,000	37,000	29,980
Contract maintenance service	-	-	6,527	-	6,527	7,149
Custodial services	-	-	2,494	-	2,494	2,544
Security services	-	-	-	-	-	-
Other services	-	-	-	27,490	27,490	22,546
MATERIAL AND SUPPLIES CONSUMED						
Fuel and lubricants	155,478	1,038	-	-	156,516	130,964
Tires and tubes	20,235	-	-	-	20,235	8,813
Other materials and supplies	-	123,619	18,059	5,223	146,901	143,551
UTILITIES	-	-	-	35,954	35,954	34,891
CASUAL AND LIABILITY COSTS						
Premiums for excess liability coverage	-	-	-	17,463	17,463	54,318
Premiums for physical damage insurance	-	-	-	7,753	7,753	8,427
Recoveries of physical damage losses	-	-	-	(6,750)	(6,750)	(21,155)
Uninsured losses, net	-	-	-	41,771	41,771	66,973
LICENSES AND TAXES						
Vehicle licensing and registration fees	765	-	-	-	765	568
MISCELLANEOUS EXPENSES						
Travel and meetings	-	-	-	3,205	3,205	2,351
Dues and subscriptions	-	-	-	6,276	6,276	6,410
Other	-	-	-	2,127	2,127	892
LEASE EXPENSE	-	-	-	767	767	767
TOTALS	$ 1,289,329	$ 173,688	$ 36,077	$ 309,702	$ 1,808,796	$ 1,668,460

This schedule does not include University of Illinois at Springfield (UIS) service operating expenses. The program was fully funded by Federal Operating Grant IL-90-X651-00.

SPRINGFIELD MASS TRANSIT DISTRICT

SCHEDULE OF UIS OPERATING EXPENSES BEFORE DEPRECIATION
For the Year Ended June 30, 2018
IL-90-X651-00

	Vehicle Operations	Vehicle Maintenance	Nonvehicle Maintenance	General Administration	Total 2018	Total 2017
LABOR						
Operator's salaries and wages	$ -	$ -	$ -	$ -	$ -	$ 21,994
Other salaries and wages	-	-	-	-	-	-
FRINGE BENEFITS	-	-	-	-	-	3,954
SERVICES						
Advertising fees	-	-	-	-	-	-
Professional technical services	-	-	-	-	-	-
Contract maintenance service	-	-	-	-	-	-
Custodial services	-	-	-	-	-	-
Security services	-	-	-	-	-	-
Other services	-	-	-	-	-	-
MATERIAL AND SUPPLIES CONSUMED						
Fuel and lubricants	-	-	-	-	-	4,281
Tires and tubes	-	-	-	-	-	778
Other materials and supplies	-	-	-	-	-	5,505
UTILITIES	-	-	-	-	-	-
CASUAL AND LIABILITY COSTS						
Premiums for excess liability coverage	-	-	-	-	-	-
Premiums for physical damage insurance	-	-	-	-	-	-
Recoveries of physical damage losses	-	-	-	-	-	-
Premiums for other corporate insurance	-	-	-	-	-	-
Uninsured losses, net	-	-	-	-	-	-
LICENSES AND TAXES						
Vehicle licensing and registration fees	-	-	-	-	-	-
MISCELLANEOUS EXPENSES						
Travel and meetings	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-
Other	-	-	-	-	-	-
LEASE EXPENSE	-	-	-	-	-	-
TOTALS	$ -	$ -	$ -	$ -	$ -	$ 36,512

SPRINGFIELD MASS TRANSIT DISTRICT

COMPUTATION OF FEDERAL OPERATING ASSISTANCE
For the Year Ended June 30, 2018

Projects IL-2017-009-00, IL-90-X712, and IL-2018-026 (Operating)	Actual Project Cost
Total Operating Expenses (excluding depreciation)	
Salaries and labor	$ 6,408,439
Benefits	3,632,725
Services	517,314
Materials and supplies	2,121,653
Utilities	287,875
Casualty and liability insurance and losses	327,114
Taxes and licenses	765
Leases and rentals	9,432
Miscellaneous	151,351
Total	13,456,668
Adjustments and Eliminations	
Unfunded portion of GASB 68 expense	480,410
Q5 and federally funded equipment	73,659
Other income	38,000
Trustees' fees	31,736
Planning costs	26,774
Total	650,579
Net Eligible Expenses	12,806,089
Less: Passenger revenues	1,042,249
Interest on invested working capital	78,196
Interest on property taxes	1,375
Total	1,121,820
NET PROJECT COST	$ 11,684,269
Local Share	
State operating assistance	$ 10,477,491
Local property taxes	2,678,733
Advertising revenues	124,113
Total	$ 13,280,337
Federal Assistance Limitation (lesser of)	
50% of net project cost	$ 5,842,135
Local share	$ 13,280,337
Grant award IL-2017-009-00	$ 45,305
Grant award IL-90-X712	18,270
Grant award IL-2018-026	1,661,424
Total Grant Awards	1,724,999
BALANCE DUE FROM (TO) FEDERAL TRANSIT ADMINISTRATION	$ 1,724,999

REPORT ON FEDERAL AWARDS

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*

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Springfield Mass Transit District
Springfield, 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 the Springfield Mass Transit District, Illinois as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Springfield Mass Transit District's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Springfield Mass Transit District's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
December 20, 2018

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Major Federal Program

We have audited the Springfield Mass Transit District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Springfield Mass Transit District's major federal program for the year ended June 30, 2018. The Springfield Mass Transit District's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Springfield Mass Transit District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 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 Springfield Mass Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Springfield Mass Transit District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Springfield Mass Transit District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Springfield Mass Transit 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 a 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 or significant deficiencies; however, material weaknesses or significant deficiencies may exist that were not identified.

Purpose of this Report

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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
December 20, 2018

SPRINGFIELD MASS TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Agency/Pass-Through Agency/Program or Cluster Title	Federal CFDA Number	Local Agency Contract Number	Federal Expenditures
U.S. Department of Transportation			
Direct Program:			
Federal Transit Formula Grants	20.507	IL-2018-026-00	$ 1,661,424
Federal Transit Formula Grants	20.507	IL-2017-009-00	976,893
Federal Transit Formula Grants	20.507	IL-2016-004-00	288,712
Federal Transit Formula Grants	20.507	IL-90-X704-01	31,946
Federal Transit Formula Grants	20.507	IL-90-X744-00	170,472
Federal Transit Formula Grants	20.507	IL-90-X636-00	28,222
Federal Transit Formula Grants	20.507	IL-90-X712-00	234,903
Federal Transit Formula Grants	20.507	IL-90-X728-00	536,875
Total Federal Transit Formula Grants			3,929,447
Federal Transit Capital Investment Grant	20.500	IL-04-0013-02	58,449
Federal Transit Capital Investment Grant	20.500	IL-04-0086-00	307,967
Federal Transit Capital Investment Grant	20.500	IL-04-0069-00	248,274
Total Federal Transit Capital Investment Grants			614,690
Total Federal Transit Cluster			4,544,137
Clean Fuels	20.519	IL-2018-020-00	27,727
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,571,864

See accompanying notes to schedule of expenditures of federal awards.

SPRINGFIELD MASS TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

NOTE 1 – REPORTING ENTITY

This report on Federal Awards includes the federal awards of the Springfield Mass Transit District. The reporting entity for the Springfield Mass Transit District is based upon 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 Springfield Mass Transit District under programs of the federal government for the year ended June 30, 2018. 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 PROGRAMS

There was one major program for the year ended June 30, 2017. As part of the Federal Transit Cluster, the Federal Transit Capital Investment Grants (CFDA #20.500) and the Federal Transit Formula Grants (CFDA #20.507 were awarded by the Federal Transit Administration – U.S. Department of Transportation to the Springfield Mass Transit District for the purpose of financing capital projects and supporting public transportation services in urbanized areas.

NOTE 4 – RECONCILIATION TO THE FINANCIAL STATEMENTS

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

Operating assistance	$	1,724,999
Capital assistance - Federal		2,846,865
	$	4,571,864

NOTE 5 – INDIRECT COST RATE

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

SPRINGFIELD MASS TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

> Material weakness(es) identified?	____	yes	X	no
> Significant deficiencies identified that are not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to financial statements noted?	____	yes	X	no

FEDERAL AWARDS

Internal control over major programs:

> Material weakness(es) identified?	____	yes	X	no
> Significant deficiencies identified that are not considered to be material weakness(es)?	____	yes	X	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	____	yes	X	no
Auditee qualified as low-risk auditee?	X	yes	____	no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
	Federal Transit Cluster
20.500	Federal Transit Capital Investment Grants
20.507	Federal Transit Formula Grants

	Federal
Dollar threshold used to distinguish between type A and type B programs:	$750,000

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

ILINOIS DEPARTMENT OF TRANSPORTATION

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

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

Report on Compliance

We have audited the Springfield Mass Transit District's 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, 2018. Springfield Mass Transit District's state financial assistance is identified in the Schedule of Revenue and Expense under Downstate Operating Assistance Grant OP-17-05-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 requirements of laws, regulations, contracts, and grants applicable to the financial assistance received from the Illinois Department of Transportation.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Springfield Mass Transit 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 Department of Transportation, State of Illinois. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of financial assistance occurred. An audit includes examining, on a test basis, evidence about the Springfield Mass Transit District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with laws and regulations applicable to the financial assistance received from the Illinois Department of Transportation. However, our audit does not provide a legal determination of the Springfield Mass Transit District's compliance.

Opinion on Compliance

In our opinion, the Springfield Mass Transit District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state financial assistance received for the year ended June 30, 2018.

Purpose of the Report

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
December 20, 2018

SPRINGFIELD MASS TRANSIT DISTRICT

SCHEDULE OF REVENUE AND EXPENSE UNDER
DOWNSTATE OPERATING ASSISTANCE GRANT OP-18-05-IL
For the Year Ended June 30, 2018

OPERATING REVENUES AND INCOME			
401	Passenger fares for transit services		$ 816,141
402	Special transit fares		226,109
406	Auxiliary revenue		124,113
407	Non-transportation revenue		117,282
413	Federal cash grants and reimbursement		1,724,999
	Total Operating Revenues		$ 3,008,644
OPERATING EXPENSES			
501	Labor		$ 7,291,561
502	Fringe benefits		3,772,165
503	Professional services		517,315
504	Materials and supplies consumed		2,142,190
505	Utilities		287,875
506	Casualty and liability		327,114
507	Taxes		18,351
509	Miscellaneous expense		151,351
512	Leases, rentals, and purchase-lease payments		9,432
517	Debt Service Projects		2,178,986
	Total Operating Expenses		16,696,340
	Ineligible Expenses		
	APTA and IPTA dues	3,730	
	Other (JARC funded routes)	-	
	Other (Single Audit)	19,325	
	Other (Federally Funded Projects)	38,045	
	Other (Q5, misc., etc.)	35,614	
	Unfunded portion of GASB 68 Expense	480,410	
	Less: Total ineligible expenses		577,124
	Total Eligible Operating Expenses		16,119,216
	Total Operating Revenue and Income		3,008,644
	Deficit		$ 13,110,572
	65% of Eligible Expenses		$ 10,477,490
	Maximum Contract Amount		$ 11,999,617
	Eligible FY18 Downstate Operating Assistance (Deficit, 65% of eligible expenses, or maximum contract amount, whichever is less)		$ 10,477,490
	FY18 Downstate Operating Assistance Received (prior to close of fiscal year)		$ 10,312,470
	FY18 Downstate Operating Assistance Receivable/(Payable) (at close of fiscal year and subsequently received/(paid))		$ 165,020