

**PACE
THE SUBURBAN BUS DIVISION OF
THE REGIONAL TRANSPORTATION AUTHORITY
NORTHEASTERN ILLINOIS**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2021

Pace
The Suburban Bus Division
of the Regional Transportation Authority
2021 Annual Financial Report
Table of Contents

Independent Auditors' Report	1
Required Supplementary Information:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
Notes to the Financial Statements	26
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	80
Schedule of Changes in Proportionate Share of Net Pension Liability and Related Ratios	82
Schedule of Pension Contributions	83
Schedule of Changes in Total OPEB Liability	86
Other Supplementary Exhibits:	
Statement of Net Position by Fund	88
Statement of Revenues, Expenses and Changes in Net Position by Fund	91
Schedule of Revenues and Expenses Budget and Actual Suburban Services Fund	92
Schedule of Revenues and Expenses Budget and Actual Regional ADA Paratransit Services Fund	93

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Pace
The Suburban Bus Division
of the Regional Transportation Authority
2021 Annual Financial Report
Table of Contents (Continued)

Other Information:

Schedule of Farebox Recovery Ratio – Suburban Services Fund	94
Schedule of Farebox Recovery Ratio – Regional ADA Paratransit Services Fund	95
Combining Schedule of Fixed Route Carrier Financial Results - Public Funded Carriers	96
Combining Schedule of Fixed Route Carrier Financial Results - Private Contract Carriers	97
Combining Schedule of Paratransit Municipal - Carrier Expense.....	98
Combining Schedule of Paratransit Carrier Financial Results – Private Contract Carriers – Non-ADA Services	99
Combining Schedule of Paratransit Carrier Financial Results – Private Contract Carriers – ADA Services	101
Designated Unrestricted Net Position/Schedule of Projects to To Be Funded From Unrestricted Net Position	102

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Independent Auditors' Report

To the Board of Directors of
Pace, the Suburban Bus Division of the Regional Transportation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pace, the Suburban Bus Division of the Regional Transportation Authority (Pace), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Pace's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pace as of December 31, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pace and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that rise substantial doubt about the Pace's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pace's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pace's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Other Supplementary Exhibits as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedules located under Other Information as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited Pace's 2020 financial statements, and we expressed an unmodified audit opinion on the financial statements of Pace, the Suburban Bus Division of the Regional Transportation Authority in our report dated May 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022 on our consideration of Pace's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pace's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pace's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois
May 26, 2022

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Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Our discussion and analysis of Pace Suburban Bus Service's ("Pace") financial performance provides an overview of the agency's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the agency's basic financial statements and notes that begin on page 20.

Using This Report

This annual report consists of a series of financial statements. The *Statement of Net Position*, the *Statement of Revenues, Expenses and Changes in Net Position* and the *Statement of Cash Flows* (on pages 20 - 25) provide information about the activities of Pace as a whole and present a long term view of the agency's finances. Since Pace operates as a single governmental program in two enterprise funds, fund financial statements are not required.

Reporting on the Agency as a Whole

Our analysis of Pace as a whole – which consists of two enterprise funds – begins on page 6. The *Statement of Net Position* and *Statement of Revenues, Expenses and Changes in Net Position* can be used to determine whether Pace as a whole is better off or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the agency's net position and changes in them. The net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure Pace's financial health or financial position. Over time, increases or decreases in Pace's net position are one indicator of whether its financial health is improving or deteriorating. Other financial factors should be considered as well, such as, the level of public funding received from the RTA, sales tax revenue, external funding for capital projects and working cash balances. Based on Pace's current year financial and operating performance, the agency's overall net position increased by \$126.3 million during 2021. Unrestricted net position increased by \$126.9 million in 2021.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Financial Highlights

The worldwide pandemic that was declared in 2020 related to the SARS-CoV-2 virus and resulting COVID-19 disease had a significant impact on transit agencies all throughout the country. In Illinois, the Governor issued a Stay at Home Order as a way to help mitigate the spread of the disease in 2020. The pandemic continued to affect businesses throughout 2021 as a number of mitigations returned when the State saw surges in the virus. Pace continued to see decreased usage on their system as businesses kept employees at home to work remotely. Pace utilized the federal relief funding provided in 2020 in addition to new funding awarded in 2021 which helped to bolster their overall financial position.

A summary of significant financial results are below:

- **Net Position increased by \$126.3 million** in 2021. Net Position represents Total Assets and Deferred Outflows of Resources minus Total Liabilities and Deferred Inflows of Resources.
- **Total Operating Revenues for 2021 were \$38.9 million** which represented a 37.1% decrease from 2020. Pace recognized \$27.0 million in Coronavirus Aid, Relief and Economic Security (CARES) Act funding in 2020 that was used to offset operating revenue losses. There was no CARES Funding recognized in 2021 in Operating Revenues.
- **Non-Operating Revenues increased \$149.6 million** (or 42.8%) to \$499.2 million in 2021. The majority of the increase related to increased sales tax revenues as well as the utilization of funding from the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA).
- **Total Operating Expenses increased by \$34.3 million** (or 8.0%) to \$462.5 million during 2021. The increased expenses were primarily due to the reinstatement of service and increased ridership.
- **Pace achieved a farebox recovery ratio of 19.9%** for Suburban Services and 10.6% for Regional ADA Paratransit Services in 2021. An emergency ruling was put in place in 2021 that amended the RTA Act to acknowledge that the system wide recovery ratio for 2021 maybe be less than the required 50% due to the fiscal impacts of the COVID-19 pandemic. Information pertaining to the farebox recovery ratio calculations can be found on pages 94 and 95.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Ridership

Pace continued to experience ridership decreases in some of the services in 2021. The highlights are as follows:

Highlights:

- **Pace served 16.4 million passengers** in 2021 which reflected a 4.5% decrease over the 2020 ridership total of 17.1 million. The 2021 ridership reflected a 50.0% decrease over the 2019 ridership totals of 32.8 million.
- **Ridership on Pace Fixed Route Service decreased 9.0%** in 2021. The mitigations related to the pandemic affected ridership during the majority of the year compared to 2020 when Pace began to see ridership decreases in late March. There were also a number of feeder and shuttle routes that were eliminated in 2020 and only several of the routes were reinstated in late 2021.
- **ADA Paratransit ridership increased 27.1%** to 3,127,867 for Chicago and Suburban ADA service versus 2020 ridership of 2,569,340. Pace implemented a free fare for ADA service which helped to encourage riders to use the service.
- **Vanpool ridership decreased 27.1% in 2021** to 408,820. The decrease in ridership is due to fewer vanpools in place as companies continued to have employees work remotely from home.
- **Pace began the initial phase of the South Cook Fair Transit Pilot** in 2021 in partnership with Cook County. The initial phase focuses on operational improvements to Pace's Route 352 Halsted service to enhance the level of service between the CTA Red Line 95th Street Dan Ryan Station, Pace's Harvey Transportation Center and the Pace Chicago Heights Terminal.
- **Pace celebrated its 10th anniversary of Bus on Shoulder service.** The success of Bus on Shoulder service on I-55 has led Pace to launch similar programs on the Edens (I-94) and the Jane Addams Memorial Tollway (I-90). Pace is working with the Illinois Tollway to implement shoulder service on the Tri-State (I-294) in the near future.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

The Agency as a Whole

ASSETS	2021	2020	Change
Current Assets	\$ 310,638,761	\$ 174,931,299	\$ 135,707,462
Capital Assets	329,279,913	331,039,631	(1,759,718)
Total Assets	639,918,674	505,970,930	133,947,744
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	40,137,770	16,453,988	23,683,782
Deferred Outflows - OPEB	1,979,163	926,563	1,052,600
Total Deferred Outflows of Resources	42,116,933	17,380,551	24,736,382
LIABILITIES			
Total Current Liabilities	68,895,591	62,219,058	6,676,533
Total Noncurrent Liabilities	106,034,339	83,704,181	22,330,158
Total Liabilities	174,929,930	145,923,239	29,006,691
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	10,089,433	5,741,080	4,348,353
Deferred Inflows - OPEB	121,452	1,132,757	(1,011,305)
Total Deferred Inflows of Resources	10,210,885	6,873,837	3,337,048
NET POSITION			
Net Investment in Capital Assets	325,679,913	326,239,631	(559,718)
Restricted for Bond Repayment	1,200,000	1,200,000	-
Unrestricted	170,014,879	43,114,774	126,900,105
Total Net Position	\$ 496,894,792	\$ 370,554,405	\$ 126,340,387

Net Position at December 31, 2021 increased to \$496.9 million from \$370.6 million due to a \$126.9 million increase in Unrestricted Net Position offset by a \$.6 million decrease in Net Investment in Capital Assets. The decrease in Net Investment in Capital Assets is comprised of \$50.8 million in capital grants reimbursements, \$.6 million in Pace funded capital projects and \$1.2 million in bond payments offset \$53.2 million in depreciation. Restricted Net Position represents one year of bonds payable that is legally restricted. Information regarding Net Position can be found on page 76 of the notes to the financial statements.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

The Agency as a Whole (Continued)

Total Assets increased \$ 133.9 million in 2021 to \$639.9 million. The \$135.7 million increase in Current Assets is attributed to a \$23.9 million increase in cash, \$1.9 million increase in receivables from the RTA, a \$119.1 million increase in receivables from federal operating assistance which includes the CARES and CRRSAA funding, a \$6.7 million increase in prepaid expenses and a \$1.3 million increase in parts inventory offset by a \$17.0 million decrease in receivables for capital grants. Capital Assets decreased \$1.8 million in 2021 due to a \$25.4 million increase in capital projects in progress and a \$9.4 million increase in buildings and improvements offset by a \$32.2 million decrease in equipment and a \$4.4 million increase in accumulated depreciation. Information regarding capital asset activity can be found on page 11.

Deferred outflows of resources increased \$24.7 million in 2020. The increase consisted of a \$23.7 million increase in deferred outflows for pension offset and a \$1.0 million increase in deferred outflows for OPEB.

Current Liabilities increased \$6.7 million in 2021. The increase is comprised of a \$10.0 million increase in other accrued expenses, a \$.8 million increase in unearned revenue and a \$.8 million increase in the current portion of insurance reserves offset by a \$4.0 million decrease in accounts payable, a \$.8 million decrease in capital accounts payable and a \$.1 million decrease in accrued payroll expenses.

Noncurrent Liabilities increased \$22.3 million as of the end of 2021. The increase was due to a \$2.5 million increase in the non-current portion of insurance reserves, an \$18.5 million increase in net pension liability, a \$2.6 million increase in other post employment benefits and a \$.1 million increase in advance from state offset by a \$1.2 million decrease in the non-current portion of bonds payable and a \$.2 million decrease in other liabilities.

Deferred inflows of resources increased \$3.3 million in 2021. The increase is comprised of a \$4.3 million increase in deferred inflows for pension offset by a \$1.0 million decrease in deferred inflows for OPEB.

Information regarding the defined benefit pension plans and the associated pension liability, OPEB liability and the associated OPEB expense along with the deferred outflows of resources and deferred inflows of resources can be found beginning on page 43 of the notes to the financial statements and pages 80 - 87 in the Required Supplementary Information section.

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Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Capital Assets

Pace received \$50.8 million in capital grant reimbursements in 2021 including:

- \$13.9 million from the Federal Transit Administration (FTA),
- \$36.9 million from the Regional Transportation Authority (RTA)

In addition, Pace used \$.6 million for capital projects from its positive budget variance account.

These capital grant reimbursements were primarily used for:

- \$32.0 million in building and improvements,
- \$6.6 million in fixed route vehicles
- \$3.7 million in bus equipment,
- \$3.1 million in architecture and engineering,
- \$1.3 million in computer equipment and software,
- \$1.0 million in bus shelters,
- \$1.0 million in vanpool vehicles,
- \$.8 million in transit signal priority equipment,
- \$.6 million in consulting services,
- \$.5 million in Trapeze equipment, and
- \$.2 million in project administration.

Pace purchased 12 fixed route vehicles totaling \$6.6 million, and 25 vanpool vehicles totaling \$1.0 million.

Information regarding capital asset activity for 2021 can be found in the notes to the financial statements on page 34 and page 38 as well as in Schedule 7 on page 103. Unrestricted Net Position is used to fund capital projects that do not have an external funding source. Information regarding Unrestricted Net Position can be found on pages 76 and 77 and in Schedule 7 on page 102.

Long Term Debt

On February 24, 2015 Pace issued \$12 million in Revenue Bonds Series of 2015 to be used for converting the South Division Garage into a compressed natural gas facility. The outstanding debt is backed by the operating revenues of the Suburban Services Fund. The debt must be repaid in annual principal payments of \$1,200,000. Pace currently does not have a credit rating. Its only debt issue was a taxable bank direct placement which did not require a credit rating. Details regarding long term debt can be found on pages 41 and 42 of the notes to the financial statements.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
<u>Operating Revenue</u>				
Pace-Owned Service Revenue	\$ 17,174,522	\$ 15,279,164	\$ 1,895,358	12.4%
CMAQ/JARC Services	149,176	119,354	29,822	25.0%
Fixed Route Carrier Revenue	1,370,826	1,362,362	8,464	0.6%
Paratransit Revenue	15,605,681	13,698,018	1,907,663	13.9%
Vanpool Revenue	831,782	852,400	(20,618)	-2.4%
CARES Funding - Operating	-	26,747,483	(26,747,483)	-100.0%
Reduced Fare Reimbursement	1,345,862	1,345,862	-	0.0%
Advertising Revenue	1,984,909	1,430,609	554,300	38.7%
Miscellaneous	406,194	983,951	(577,757)	-58.7%
Total Operating Revenue	<u>38,868,952</u>	<u>61,819,203</u>	<u>(22,950,251)</u>	<u>-37.1%</u>
<u>Operating Expenses:</u>				
Pace-Owned Service Expenses	107,506,188	96,050,951	11,455,237	11.9%
CMAQ/JARC Expenses	6,309,250	7,557,153	(1,247,903)	-16.5%
Contract Payments:				
Fixed Route Carriers	5,553,944	6,289,498	(735,554)	-11.7%
Paratransit Carriers	180,207,010	171,731,612	8,475,398	4.9%
Vanpool Expenses	1,064,009	1,109,337	(45,328)	-4.1%
Centralized Operations	68,976,587	54,642,221	14,334,366	26.2%
Administrative Expenses	39,738,127	40,203,449	(465,322)	-1.2%
Depreciation	53,194,039	50,632,053	2,561,986	5.1%
Total Operating Expenses	<u>462,549,154</u>	<u>428,216,274</u>	<u>34,332,880</u>	<u>8.0%</u>
Operating Income (Loss)	<u>(423,680,202)</u>	<u>(366,397,071)</u>	<u>(57,283,131)</u>	<u>15.6%</u>
<u>Non-Operating Revenue (Expenses)</u>				
Retailers' occupation and use tax from RTA (85% Formula)	116,944,510	94,238,940	22,705,570	24.1%
RTA Sales Tax/PTF (PA 95-0708)	23,535,595	16,633,310	6,902,285	41.5%
RTA PTF Funding I	5,149,483	4,498,843	650,640	14.5%
RTA PTF Funding II	21,137,470	17,314,125	3,823,345	22.1%
Regional ADA Paratransit Funding	157,285,039	133,003,451	24,281,588	18.3%
Regional ADA Paratransit Reserve Fund	-	34,856,512	(34,856,512)	-100.0%
Suburban Community Mobility Fund (SCMF)	29,897,331	23,431,622	6,465,709	27.6%
South Suburban Job Access Fund	7,500,000	7,500,000	-	0.0%
CARES Funding - Public Funding	86,009,393	-	86,009,393	-
CRRSSA Funding - Public Funding	35,231,159	-	35,231,159	-
ADA State Funding	8,394,804	8,394,800	4	0.0%
Innovation, Coordination & Enhancement Fund (ICE)	1,392,224	1,692,558	(300,334)	-17.7%
Federal Operating Grants	6,624,863	7,410,308	(785,445)	-10.6%
Interest on Investments	264,081	856,102	(592,021)	-69.2%
Interest Expense	(154,200)	(186,600)	32,400	-17.4%
Total Non-Operating Revenue (Expenses)	<u>499,211,752</u>	<u>349,643,971</u>	<u>149,567,781</u>	<u>42.8%</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>75,531,550</u>	<u>(16,753,100)</u>	<u>92,284,650</u>	<u>-550.9%</u>
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Grant Reimbursements	<u>50,808,837</u>	<u>75,040,399</u>	<u>(24,231,562)</u>	<u>-32.3%</u>
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>50,808,837</u>	<u>75,040,399</u>	<u>(24,231,562)</u>	<u>-32.3%</u>
Change in Net Position	126,340,387	58,287,299	68,053,088	116.8%
Beginning Net Position	370,554,405	312,267,106	58,287,299	18.7%
Ending Net Position	<u>\$ 496,894,792</u>	<u>\$ 370,554,405</u>	<u>\$ 126,340,387</u>	<u>34.1%</u>

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Comparison of Results: FY2021 vs. FY2020

Operating Revenue

Total Operating Revenue decreased 37.1% or \$23.0 million in 2021. Significant changes in operating revenue are noted as follows:

- **Pace-Owned Service Revenue** – There was a \$1.9 million increase in Pace-Owned Service Revenue even with the ridership decrease in 2021. The increase is due to a full year of fare collection in 2021. In 2020, fare collection was suspended from April to June as a safety precaution.
- **Paratransit Revenue** – The \$1.9 million increase is due to increased ridership and higher utilization of taxi services in 2021.
- **CARES Funding Operating** – Pace utilized \$26.7 million in CARES funding for operating revenue shortfalls in 2020 but did not recognize any operating revenues for CARES funding in 2021.
- **Advertising Revenue** – The \$.5 million increase is due to revenue recognized from the new advertising contract.
- **Miscellaneous Income** – The \$.5 million decrease is due to Pace no longer receiving Medicaid reimbursements for ADA services.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Operating Expenses

Total Operating Expenses increased by \$34.3 million (or 8.0%) in 2021 which is comprised primarily of the following changes:

- **Pace-Owned Service Expense** – The \$11.5 million increase in expense is primarily due to the elimination in 2021 of preventative maintenance credits for labor and parts offset by increases in operator wages, fringe benefits and bus parts expense.
- **CMAQ/JARC Expense** – The \$1.2 million decrease is due to route cuts and a decrease in the service on some of the routes.
- **Fixed Route Carrier Expense** – The \$.7 million decrease is primarily due to a number of feeder and shuttle routes that were eliminated in April 2020 after the pandemic began and were not reinstated in 2021.
- **Paratransit Carrier Expense** – The \$8.5 million increase is due to increased ridership for Paratransit and ADA service and greater utilization of ADA taxi services.
- **Centralized Operations** – The \$14.3 million increase is attributed to higher fuel costs as well as increased advertising, workers compensation and auto liability claims expenses.
- **Administrative Expense** – The \$.5 million decrease is mainly due to lower consulting costs in 2021.
- **Depreciation Expense** – The \$2.6 million increase is due to building and improvement projects and additional buses being put into in 2021.

Non-Operating Revenue (Expenses)

Non-Operating Revenue (Expenses) increased \$149.6 million or 42.8% to \$499.2 million in 2021. Specific factors contributing to the increase are outlined below:

- **Operating Assistance from the RTA** – RTA Sales Tax under the 85% Formula increased \$22.7 million or 24.1% in 2021.
- **RTA Sales Tax/PTF (PA 95-0708)** – RTA Sales Tax/PTF funding increased \$6.9 million or 41.5% in 2021.
- **RTA PTF Funding** – RTA PTF Funding increased \$.7 million or 14.5% in 2021.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Non-Operating Revenue (Expenses) Continued

- **RTA PTF II Funding** - RTA PTF Funding II increased \$3.8 million or 22.1%.
- **Regional ADA Paratransit Fund** - Funding from the Regional ADA Paratransit Fund increased \$24.3 million in 2021.
- **Regional ADA Paratransit Reserve Fund** - There was no funding provided from the Reserve Fund in 2021.
- **Suburban Community Mobility Fund (SCMF)** -SCMF funding increased \$6.5 million or 27.6% in 2021.
- **South Suburban Job Access Fund** - Pace received \$7.5 million in funding from the RTA for services in South Suburban Cook County in 2021.
- **CARES Funding** - Pace recognized \$86.0 million in CARES Funding for Suburban Services.
- **CRRSAA Funding** - There was \$35.2 million in CRRSAA Funding for Suburban Services and ADA Services recognized in 2021.
- **ADA State Funding** - Pace received \$8.4 million in ADA State Funding in 2021.
- **Innovation, Coordination and Enhancement Fund (ICE)** - Funding for ICE routes decreased \$.3 million or 17.7% in 2021.
- **Federal Operating Grants** - Funding for federal operating grants decreased by \$.8 million or 10.6% in 2021.
- **Interest on Investments** - Interest earned on investments decreased \$.6 million or 69.2% in 2021.

Other Revenues, Expenses, Gains, Losses and Transfers

- **Capital Grant Reimbursements** - The \$24.2 million decrease is due to fewer buses that were purchased in 2021.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Economic Trends

RTA Sales Tax

The RTA Sales Tax is the primary source of revenue for Pace. The tax is authorized by Illinois statute, imposed by the RTA in the six-county area, and collected by the state. Historically, the Service Board statutory share is 85% of RTA Sales Tax and is apportioned to the three Service Boards: Pace, Metra and CTA. Pace receives 15% of the Service Board statutory share of sales tax collected in Suburban Cook County, and 30% of the share collected in the collar counties of DuPage, Kane, Lake, McHenry and Will. Pace received \$116.9 million in RTA Sales Tax in 2021 under the 85% Formula.

On January 17, 2008, Public Act (PA) 95-0708 was signed into law. The legislative action amended the RTA Act by establishing key RTA reforms and providing additional funding for the RTA and its three Service Boards. A new sales tax and PTF was established that identified funding for the following:

- *ADA Paratransit Fund* - The ADA Paratransit Fund started at \$100 million in 2008 and adjusts annually based on regional sales tax performance. For 2021, the RTA provided \$157.3 million in funding from the ADA Paratransit Fund.
- *Suburban Community Mobility Fund (SCMF)* - The fund is intended to support new and existing non-traditional service activities such as demand response, vanpool, reverse commute and others. The SCMF started at \$20 million in 2008 and adjusts annually based on the regional sales tax performance. For 2021, the RTA provided \$29.9 million in funding.
- *Innovation, Coordination and Enhancement Fund (ICE)* – The fund was established for projects intended to improve or enhance ridership or customer service, for transit improvements intended to promote transfers, increase ridership and for transit-oriented land development. The ICE Fund started at \$10 million for 2008 and adjusts annually based on regional sales tax performance. For 2021, Pace received \$1.4 million in ICE funding.
- *New Sales Tax and Public Transportation Funds (PTF)* – After all monies are allocated to the above funds, the remaining amount is distributed as a New Sales Tax and PTF to the three Service Boards. Pace's allocation of the New Sales Tax and PTF is equal to 13% of the remaining amount. For 2021, Pace received \$49.8 million in New Sales Tax and PTF funding.

In addition to the above, the 2008 legislation also provided funding for the South Suburban Job Access program which is directed to pay for transit services in South Cook County that support employment opportunities. For 2021, the RTA provided \$7.5 million in funding for the South Suburban Job Access program. Pace also received \$8.4 million in ADA State Funding.

Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

The allocation of the funds established for 2021 and 2020 is as follows:

RTA OPERATING FUNDING (000's)

	<u>2021</u>	<u>2020</u>
Suburban Services Fund:		
RTA Sales Tax (85% Formula)	\$ 116,944	\$ 94,239
RTA Sales Tax/PTF (PA 95-0708)	23,536	16,633
RTA PTF Funding I	5,149	4,498
RTA PTF Funding II	21,137	17,314
Suburban Community Mobility Fund	29,897	23,431
South Suburban Job Access Fund	7,500	7,500
Innovation, Coordination & Enhancement Fund	<u>1,392</u>	<u>1,692</u>
Total Suburban Services Funding	<u>\$205,555</u>	<u>\$165,307</u>
Regional ADA Paratransit Fund:		
RTA Paratransit Fund and Reserve Fund	<u>157,285</u>	<u>167,859</u>
Total RTA Funding	<u>\$362,840</u>	<u>\$333,166</u>

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Pace
The Suburban Bus Division of the Regional Transportation Authority
Management's Discussion & Analysis (Unaudited)
For the Year Ended December 31, 2021

Future Events

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting Pace's service areas. This situation continued to impact service and ridership in 2021 and Pace anticipates it will continue into 2022. Pace will continue to use funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) to offset revenue shortfalls and cover eligible expenses.

Contacting Pace's Financial Management

If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Pace Suburban Bus Service, 550 West Algonquin Road, Arlington Heights, IL 60005.

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash:		
Cash and Investments	\$ 86,372,450	\$ 62,478,835
Restricted Cash	1,208,690	1,207,924
Total Cash	<u>87,581,140</u>	<u>63,686,759</u>
Accounts Receivable:		
Regional Transportation Authority	76,504,874	74,603,018
Capital Grants Receivable	2,651,481	19,766,340
Federal Operating Assistance Receivable	119,067,072	-
Other	4,504,082	4,534,114
Total Accounts Receivable	<u>202,727,509</u>	<u>98,903,472</u>
Other Current Assets:		
Prepaid Expenses	11,052,343	4,349,389
Inventory - Spare Parts	9,277,769	7,991,679
Total Other Current Assets	<u>20,330,112</u>	<u>12,341,068</u>
Total Current Assets	<u>310,638,761</u>	<u>174,931,299</u>
<u>Noncurrent Assets</u>		
Capital Assets not Being Depreciated		
Land	33,133,698	33,133,698
Capital Projects in Progress	39,437,712	13,970,190
Total Capital Assets not Being Depreciated	<u>72,571,410</u>	<u>47,103,888</u>
Capital Assets Being Depreciated, Net		
Equipment	503,406,934	535,639,815
Building and Improvements	250,303,531	240,886,343
Less Accumulated Depreciation	(497,001,962)	(492,590,415)
Total Capital Assets Being Depreciated, Net	<u>256,708,503</u>	<u>283,935,743</u>
Total Noncurrent Assets	<u>329,279,913</u>	<u>331,039,631</u>
Total Assets	<u>639,918,674</u>	<u>505,970,930</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	40,137,770	16,453,988
Deferred Outflows - OPEB	1,979,163	926,563
Total Deferred Outflows of Resources	<u>42,116,933</u>	<u>17,380,551</u>

See accompanying notes to the Financial Statements.

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

LIABILITIES	<u>2021</u>	<u>2020</u>
<u>Current Liabilities</u>		
Accounts Payable:		
Operating	\$ 2,115,473	\$ 6,151,865
Capital	7,838,671	8,664,441
Accrued Payroll Expenses	9,203,748	9,307,085
Other Accrued Expenses	35,057,944	24,987,929
Unearned Revenue	3,944,440	3,162,822
Bonds Payable - Current	1,200,000	1,200,000
Current Portion of Insurance Reserves	9,535,315	8,744,916
Total Current Liabilities	<u>68,895,591</u>	<u>62,219,058</u>
<u>Noncurrent Liabilities</u>		
Insurance Reserve, Non-Current Portion	23,205,068	20,667,220
Net Pension Liability	49,433,683	30,921,432
Total Other Post Employment Benefits (OPEB) Liability	16,359,892	13,799,954
Advance From State	12,020,244	11,898,449
Bonds Payable, Non-current	2,400,000	3,600,000
Other Liabilities	2,615,452	2,817,126
Total Noncurrent Liabilities	<u>106,034,339</u>	<u>83,704,181</u>
Total Liabilities	<u>174,929,930</u>	<u>145,923,239</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension	10,089,433	5,741,080
Deferred Inflows - OPEB	121,452	1,132,757
Total Deferred Inflows of Resources	<u>10,210,885</u>	<u>6,873,837</u>
NET POSITION		
Net Investment in Capital Assets	325,679,913	326,239,631
Restricted for Bond Repayment	1,200,000	1,200,000
Unrestricted	170,014,879	43,114,774
Total Net Position	<u><u>\$ 496,894,792</u></u>	<u><u>\$ 370,554,405</u></u>

See accompanying notes to the Financial Statements.

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PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
<u>Operating Revenue</u>		
Pace-Owned Service Revenue	\$ 17,174,522	\$ 15,279,164
CMAQ/JARC Services	149,176	119,354
Fixed Route Carrier Revenue	1,370,826	1,362,362
Paratransit Revenue	15,605,681	13,698,018
Vanpool Revenue	831,782	852,400
CARES Funding - Operating	-	26,747,483
Reduced Fare Reimbursement	1,345,862	1,345,862
Advertising Revenue	1,984,909	1,430,609
Miscellaneous	406,194	983,951
Total Operating Revenue	<u>38,868,952</u>	<u>61,819,203</u>
<u>Operating Expenses:</u>		
Pace-Owned Service Expenses	107,506,188	96,050,951
CMAQ/JARC Expenses	6,309,250	7,557,153
Contract Payments:		
Fixed Route Carriers	5,553,944	6,289,498
Paratransit Carriers	180,207,010	171,731,612
Vanpool Expenses	1,064,009	1,109,337
Centralized Operations	68,976,587	54,642,221
Administrative Expenses	39,738,127	40,203,449
Depreciation	53,194,039	50,632,053
Total Operating Expenses	<u>462,549,154</u>	<u>428,216,274</u>
Operating Income (Loss)	<u>(423,680,202)</u>	<u>(366,397,071)</u>
<u>Non-Operating Revenue (Expenses)</u>		
Retailers' occupation and use tax from RTA (85% Formula)	116,944,510	94,238,940
RTA Sales Tax/PTF (PA 95-0708)	23,535,595	16,633,310
RTA PTF Funding I	5,149,483	4,498,843
RTA PTF Funding II	21,137,470	17,314,125
Regional ADA Paratransit Funding	157,285,039	133,003,451
Regional ADA Paratransit Reserve Fund	-	34,856,512
Suburban Community Mobility Fund (SCMF)	29,897,331	23,431,622
South Suburban Job Access Fund	7,500,000	7,500,000
CARES Funding - Public Funding	86,009,393	-
CRRSSA Funding - Public Funding	35,231,159	-
ADA State Funding	8,394,804	8,394,800
Innovation, Coordination and Enhancement Fund (ICE)	1,392,224	1,692,558
Federal Operating Grants	6,624,863	7,410,308
Interest on Investments	264,081	856,102
Interest Expense	(154,200)	(186,600)
Total Non-Operating Revenue (Expenses)	<u>499,211,752</u>	<u>349,643,971</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>75,531,550</u>	<u>(16,753,100)</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Grant Reimbursements	<u>50,808,837</u>	<u>75,040,399</u>
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>50,808,837</u>	<u>75,040,399</u>
Change in Net Position	126,340,387	58,287,299
Beginning Net Position	<u>370,554,405</u>	<u>312,267,106</u>
Ending Net Position	<u>\$ 496,894,792</u>	<u>\$ 370,554,405</u>

See accompanying notes to the Financial Statements.

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

Increase (Decrease) in cash and temporary investments	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from fares	\$ 37,159,744	\$ 70,052,525
Cash received from other operating items	2,379,715	2,859,214
Cash payments to and on behalf of employees for services	(161,134,339)	(161,351,049)
Cash payment to contractual service providers and suppliers	<u>(246,954,679)</u>	<u>(233,413,474)</u>
Net cash used for operating activities	<u>(368,549,559)</u>	<u>(321,852,784)</u>
Cash flows from non-capital financing activities:		
Cash received from R.O.T. and use tax	128,967,954	114,137,582
Cash received from RTA Sales Tax/PTF	26,286,954	16,633,310
Cash received from Suburban Community Mobility Funding	28,169,851	23,881,125
Cash received from South Suburban Job Access	15,000,000	-
Cash received from Innovation Coordination and Enhancement	1,392,224	1,692,558
ADA Regional Paratransit Funding from RTA	181,108,351	160,826,251
Cash received from Federal Funding	8,798,343	11,909,150
Cash Advance on Sales Tax	<u>121,795</u>	<u>259,709</u>
Net cash provided by non-capital financing activities	<u>389,845,472</u>	<u>329,339,685</u>
Cash flows from capital and related financing activities:		
Capital contributed from capital grants	56,344,345	53,888,001
Acquisition and construction of capital assets	(52,655,759)	(72,164,188)
Payment of bond interest	(154,200)	(186,600)
Principal payments on bonds payable	<u>(1,200,000)</u>	<u>(1,200,000)</u>
Net cash used by capital and related financing activities	<u>2,334,386</u>	<u>(19,662,787)</u>
Cash flows from investing activities:		
Cash received from interest on short-term investments	<u>264,082</u>	<u>856,102</u>
Net cash provided by investing activities	<u>264,082</u>	<u>856,102</u>
Net increase (decrease) in cash and short-term investments	23,894,381	(11,319,786)
Cash and short-term investments at beginning of year	<u>63,686,759</u>	<u>75,006,545</u>
Cash and short-term investments at end of year	<u>\$ 87,581,140</u>	<u>\$ 63,686,759</u>

See the accompanying notes to the Financial Statements.

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating Income (Loss)	(\$423,680,202)	(\$366,397,071)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation Expense	53,194,039	50,632,053
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	18,642	11,483,662
(Increase) decrease in inventory	(1,286,090)	(1,166,342)
(Increase) decrease in other assets	(6,702,954)	367,363
(Increase) decrease in deferred outflows related to pension	(23,683,782)	4,638,361
(Increase) decrease in deferred outflows related to OPEB	(1,052,600)	(358,623)
Increase (decrease) in accounts payable	(4,036,392)	133,859
Increase (decrease) in accrued payroll	(33,821)	(2,721,177)
Increase (decrease) in self insurance liability	3,415,593	(10,803,252)
Increase (decrease) in pension and other post employment obligations	21,003,506	(5,409,811)
Increase (decrease) in noncurrent liabilities	10,957,454	(6,551,401)
Increase (decrease) in deferred inflows related to pension	4,348,353	3,842,016
Increase (decrease) in deferred inflows related to OPEB	(1,011,305)	457,579
Total adjustments	<u>55,130,643</u>	<u>44,544,287</u>
Net cash used by operating activities	<u>\$ (368,549,559)</u>	<u>\$ (321,852,784)</u>
Non-cash Operating, Investing and Financing Activities:		
Purchase of capital assets in accrued expenses at year end	\$ 1,221,439	\$ -

See the accompanying notes to the Financial Statements.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 AUTHORIZING LEGISLATION AND NATURE OF OPERATIONS

The Regional Transportation Authority Act, as amended effective November 9, 1983, established a Suburban Bus Division Board empowered to operate bus service serving suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will.

On July 29, 2005, the governor signed House Bill 1663 making Pace Suburban Bus the sole provider of all ADA (American with Disabilities Act) services in the City of Chicago and the surrounding six counties. The Bill states that Pace becomes the official operator of CTA's (Chicago Transit Authority) ADA services on July 1, 2006.

The Suburban Bus Division Board consisted of twelve directors from suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will. For the collar counties, each of the directors is appointed by the Chairman of the County Board in which his or her municipality is located. In Cook County, each of the directors is appointed by the Suburban members of the Cook County Board. The Chairman of the Board is appointed by a majority of suburban Cook County Board Members and Chairmen of the Collar County Boards. In August 2008, Senate Bill 1920 was passed which called for the appointment of the City of Chicago's Commissioner of the Mayor's Office for People with Disabilities to serve on the Pace Board as its thirteenth director. Each director must be a chief executive officer, or former chief executive officer, of a municipality within the county, or portion of the county, that appointed him or her. This restriction does not apply to the appointed Chairman or the City of Chicago's Commissioner of the Mayor's Office for People with Disabilities. Each Board Member serves a four year term.

The Suburban Bus Board determines the level, nature and kind of public bus transportation services that should be provided in the suburban region. Independent operations of the Suburban Bus Division (Pace) commenced July 1, 1984 and after June 30, 2006 for ADA service in the entire RTA region. In January 2008, Public Act 95-0708 was passed which addressed the financial crisis for transit and provided additional funding for both Suburban and ADA services.

Pace operates suburban bus services in Northeastern Illinois using rolling stock and structures and equipment purchased through capital grants funded by the Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the Regional Transportation Authority (RTA) and Pace's own funds.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pace maintains its accounting records and prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. The following is a summary of the significant accounting policies:

a. Reporting Entity

As defined by Governmental Accounting Standards Board (GASB) Statement No. 14 – “The Financial Reporting Entity,” and amended by GASB Statement No. 61 – “The Financial Reporting Entity: Omnibus”, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Under GASB Statement No. 14, financial accountability is defined as:

- (a) Appointment of a voting majority of the component unit’s board, and either (1) the ability to impose will by the primary government, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (b) Fiscal dependency on the primary government.

GASB Statement No. 61 amends GASB Statement No. 14 in regard to fiscal dependency by requiring that a financial benefit or burden relationship would have to be present with the primary government. A financial benefit exists when the primary government is either legally entitled to the assets of the potential component unit or effectively has access to them. A financial burden would exist if the primary government was legally obligated or assumed an obligation to finance deficits of a potential component unit.

Under the RTA Act, the RTA Board has no control over the selection or the appointment of any of Pace’s directors or management. Further, directors of Pace are excluded from serving on the Board of Directors of the RTA.

In addition, Pace maintains separate management, exercises control over all operations (including the passenger fare structure), and is accountable for fiscal matters including: ownership of assets, issuance of debt, relations with federal and state transportation funding agencies that provide financial assistance, and the preparation of the operating budget. Pace is also responsible for the purchase of services and approval of contracts relating to its operation.

Applying the aforementioned criteria used to determine financial accountability, management does not consider Pace to be a component unit of the RTA. Pace is a separate legal entity from the RTA.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Based on this criteria Pace has defined its reporting entity as set forth below. The basic financial statements include the accounts of Pace's wholly-owned operating divisions. This includes a total of nine operating divisions: Pace North, Waukegan; Pace South, Markham; Pace Southwest, Bridgeview; Pace West, Melrose Park; Pace Fox Valley, North Aurora; Pace Heritage, Joliet; Pace Northwest, Des Plaines; Pace River, Elgin and Pace North Shore, Evanston. Pace also has an acceptance facility in South Holland, an outstation in East Dundee, a paratransit garage in McHenry and an administrative office in Chicago. In 2018, Pace purchased a building in Wheeling with the intention to convert it into offices and a bus garage. Pace is bidding out the construction work in early 2022. Pace is also working on construction of a bus garage in Plainfield that will be nearing completion in 2022.

b. Change in Accounting Principles

In June 2017, GASB issued Statement No. 87 "Leases". This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement was effective for reporting periods beginning after December 15, 2019 but GASB Statement No. 95 postponed the effective date by 18 months. Management is in the process of determining what impact, if any, this GASB statement might have on its financial statements.

In May 2019, GASB issued Statement No. 91 "Conduit Debt Obligations". The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. This GASB statement did not have a material impact on Pace's financial statements.

In January 2020, GASB issued Statement No. 92 "Omnibus 2020". The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB statements. This Statement is effective for reporting periods beginning after June 15, 2021. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Change in Accounting Principles (Continued)

In March 2020, GASB issued Statement No. 93 “Replacement of Interbank Offered Rates”. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. This Statement is effective for reporting periods beginning after June 15, 2021. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In March 2020, GASB issued Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets for a period of time in an exchange or exchange-like transaction. This Statement is effective for reporting periods beginning after June 15, 2022. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In May 2020, GASB issued Statement No. 96 “Subscription-Based Information Technology Arrangements”. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement is effective for reporting periods beginning after June 15, 2022. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2020, GASB issued Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84 and a Supersession of GASB Statement No. 32.” The objective of this Statement is to increase consistency and comparability related to reporting of fiduciary component units. This Statement is effective for reporting periods beginning after June 15, 2021. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting

The financial activities of Pace are organized on a basis of an individual fund which is an accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The financial activities of Pace accounted for in the accompanying financial statements have been classified into the following fund type:

Proprietary Fund Type

Pace operates as an Enterprise Fund, a type of Proprietary Fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Net Position is segregated into Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. Revenues and expenses of the proprietary fund types are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred.

Pace's operating revenues are made up of farebox revenue, local subsidies, state fare subsidies, advertising revenue and miscellaneous revenue. Operating expenses for Pace include the costs of operating the transit system, administrative expenses and depreciation of capital assets. All other revenues and expenses are reported as non-operating.

Pace segregates activities into two separate enterprise sub-funds, Suburban Services Fund and Regional ADA Paratransit Services Fund. The Suburban Services Enterprise Fund includes revenues and expenses generated from its Fixed Route, Dial-A-Ride and Vanpool Services. The Regional ADA Paratransit Services Enterprise Fund includes revenues and expenses related to the ADA services provided in the City of Chicago and the six county region. Separate activity for each Enterprise Fund is presented in the supplementary exhibits presented on pages 88 - 95.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Public Funding

Public funding for Pace's operations is provided by Sales and Use Taxes, payments from the State's Public Transportation Fund (PTF), Federal Operating Assistance under the Transit Act (FTA), Suburban Community Mobility Funding, South Suburban Job Access Program Funding and a dedicated source of funding from the RTA for the Regional ADA Paratransit Program.

Sales and use taxes are collected by retailers in the six-county area and remitted to the State of Illinois. In 2017, the State began deducting a 2% surcharge from the sales tax collections prior to remitting them to the RTA. In 2018, the State reduced the surcharge to 1.5%. The State remits the tax collections net of the surcharge to the RTA in the second month following collection by the retailers. The RTA then distributes the taxes to Pace and the other Service Boards based on a formula set by statute. Pace accrues its share of the sales and use taxes based on the budget amounts for these funds and then reconciles amounts actually received with the budget figure at the end of the year.

Revenues provided to Pace under the FTA are recognized by Pace in the fiscal years to which they apply. Pace also recognizes in the fiscal years to which they apply distributions from the RTA which are made from other funds over which the RTA has discretionary authority.

The Service Boards are collectively entitled to a distribution by the RTA of the PTF revenues which the RTA receives from the State. The portion of these revenues which is allocated by the RTA to Pace is recognized by Pace in the fiscal year to which the distribution applies.

On July 29, 2005, the Illinois General Assembly amended the RTA Act with regard to ADA Paratransit service. Based on the amendment, the RTA is responsible for the funding of all ADA Paratransit services within the RTA region.

In January 2008, Public Act 95-0708 was passed which established an increase of .25% in regional sales tax throughout the six county region along with a new PTF grant from the State equal to 5% of total sales tax collections. The funds from this additional sales tax and PTF is first allocated to the Regional ADA Paratransit Fund, Suburban Community Mobility Fund, and Innovation Coordination and Enhancement Fund. The remaining balance is allocated to the Service Boards under a new distribution in which Pace receives 13%. In addition to this funding, the RTA is also required to provide additional funding to Pace for the South Suburban Job Access Program.

e. Reimbursement of Public Contract Carriers Expense

Pace has agreements with certain municipal carriers to provide transportation in return for their budgeted expense reimbursement, which confirmed Pace ownership of collected revenue. Agreements between Pace and the particular transportation carriers defined the allowed expense reimbursement. Pace's financial statements recognize the ownership of these revenues and the reimbursement of their budgeted expenses.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Contract Payments to Private Transportation Carriers

Contract carriers expense is recognized as the purchased service is provided.

g. Compensated Absences

Vacation benefits have been accounted for in conformity with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16. GASB Statement No. 16 provides that employee vacation, sick and other leave benefits that vest and accumulate and it is probable the employer will compensate, must be recognized as expenses and liabilities in the year in which the benefits are earned rather than in the year in which they are paid. Statement No. 16 also requires additional amounts to be accrued for certain salary-related payments associated with the payment of compensated absences, for example, the employer's share of social security and medicare taxes. Accrued vacation and the associated employer's share of social security and medicare taxes are presented in current liabilities.

Effective in 2009, Pace implemented a policy that allows for the conversion of sick time to a 401k account upon voluntary termination of employment. The provisions of the policy require that the employee have a minimum of 10 years of credited service as defined by the RTA Pension Plan. An employee who leaves Pace employment with 10 years of credited service but is not retirement eligible under the RTA Pension Plan receives 60% of the value of their accrued sick time as a contribution to their 401k account. Employees that leave Pace with 10 years of credited service and are retirement eligible will receive 100% of the value of the accrued sick time as a contribution to their 401k account. In September 2016, the policy was amended to allow a cash payout of the sick pay balance upon termination instead of a 401k contribution. The eligibility requirements did not change. The maximum total sick time that can be accrued by an employee is 72 days. The policy was amended in 2020 to increase the sick time maximum to 80 days for employees that exceeded 72 day maximum in 2020. For all other employees, the maximum total sick days reverted back to 72 days in 2021. The compensated absences for sick pay are presented in current and long term liabilities.

h. Restricted Assets

In 2015, Pace issued \$12 million in bonds for capital projects. The restricted cash of \$1.2 million at December 31, 2021 represents the amount restricted for debt repayment along with interest earned on the account.

i. Inventories - Spare Parts

Inventories are valued at cost based on the first-in, first-out method. The inventories are located at the suburban bus system's operating divisions and public contract transportation agencies.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost associated with prepaid items is recorded as an expense when consumed rather than when purchased. In 2021, Pace prepaid leases for two office space rentals, a bus storage facility, and parking lot spaces. Three of the leases were prepaid at a discounted amount.

k. Property and Equipment and Accumulated Depreciation

Property and equipment are recorded at historical cost. Pace capitalizes assets with a useful life of one year or more that is either (a) capital equipment, (b) operation equipment with a unit cost of \$5,000 or more, (c) costs incurred to extend an asset's useful life as part of a fleet enhancement or major rebuild/rehabilitation program, or (d) an item determined to be highly susceptible to theft. Most of the assets have been acquired through capital grant projects funded by FTA, IDOT and the RTA. Costs funded by capital grants are recorded as capital items and are included in capital assets. Lease agreements generally require transportation agencies to use property and equipment only for public transportation and to maintain them. The asset costs include indirect costs based upon a rate approved by FTA.

The depreciation expense recorded on Pace's statement of revenues, expenses and changes in net position represents depreciation on assets purchased by Pace through the use of operating funds and capital grant funds. As required by GASB, depreciation expense has been classified as an operating expense for all depreciable capital assets, including those acquired through capital grants. Depreciation is computed on a straight-line basis using estimated useful lives listed below.

The estimated useful lives are as follows:

Buildings	20 - 30 years
Improvements	7 - 20 years
Equipment	3 - 12 years

Pace records intangible assets that meet the cost threshold of \$100,000 or greater. The amortization period for intangible assets ranges from 5 years to 20 years and is computed on a straight-line basis. Pace has elected not to retroactively record development costs related to internally generated software that were incurred prior to January 1, 2010.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Capital Projects in Progress

Capital projects in progress represent ongoing capital grant projects in various stages of completion. Capital projects in progress totaled \$39,437,712 at December 31, 2021 and \$13,970,190 at December 31, 2020. The balance at December 31, 2021 represents the following projects in process: Roof Retrofit at North Shore Division of \$499,265; Manufacture and Installation of 29 Vertical Marker Pylons for Dempster Pulse of \$102,593; High Performance Overhead Doors at Heritage, North Shore, North, and Southwest Divisions of \$8,253; Security Surveillance at the Plainfield Garage of \$19,547; Construction of Plainfield Garage of \$26,002,269; Construction of the Joliet Multi-Modal Transit Center of \$5,371,494; Running Boards for 21 Vanpool Vans of \$9,717. The remaining balance consists of twenty-four 18-foot Transit vans totaling \$833,988, forty-one 19-foot Transit vans totaling \$2,107,568, one 24-foot Ford E450 Paratransit bus totaling \$82,193, one 21-foot Champ Crusader van totaling \$73,096, seven 40-foot MCI buses totaling \$4,327,729. In 2021, Pace had contracts in place with New Flyer of America for \$41,786,531 to purchase 40 foot transit buses, Motor Coach Industries for \$4,628,001 to purchase 40 foot transit buses, Eldorado National (America) for \$34,590,805 to purchase 30-foot transit buses, Midwest Specialty for \$7,680,050 to purchase vans, Midwest Transit for \$3,042,753 to purchase vans, Shepard Bros. for \$19,519,510 to purchase 15 passenger paratransit buses, Roesch Ford for \$868,737 to purchase vans, and TransChicago Truck Group for \$344,767 to purchase a 35 ton integrated wrecker truck.

m. Capital and Operating Grants

Pace receives capital grants for asset acquisition, rehabilitation and construction of public transportation facilities and equipment from the Federal Transit Administration through 5307 Urbanized Area Formula Grants, 5309 Capital Investment Grants, 5310 Transit Services Program Grants, 5317 New Freedom Grants, 5339 Buses and Bus Facilities Grants and USC 149 Congestion Mitigation and Air Quality Improvement (CMAQ) Program. The Illinois Department of Transportation continues to contribute capital grant funding from past years' appropriations in addition to the RTA for the acquisition of certain capital assets. Pace may fund from its own accumulated resources a portion of a capital grant project when federal, state, and RTA grants are not sufficient or eligible for the total cost of the project. Pace funded \$625,484 for capital projects from its positive budget variance account in 2021.

In 2020, Pace received a grant for \$112.8 million in funding from the FTA through the Coronavirus Aid, Relief and Economic Security (CARES) Act. In 2021, Pace recognized the remaining \$86.0 million of CARES funding. In March 2021, Pace was notified that they would receive \$21.4 million in funding for Suburban Services and \$20.0 million in funding for Regional ADA Paratransit Services through the federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021. The \$21.4 million in CRRSAA funding for Suburban Services and \$13.8 million of the CRRSAA Funding for ADA was recognized in 2021.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Centralized Operations

Pace incurs costs of operations such as fuel, insurance, maintenance, etc. which, to the extent that they may be specifically identified, are allocated to funded carriers and considered additional assistance.

o. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in Pace's financial position and operations. However, comparative data has not been presented in all exhibits because their inclusion would make certain exhibits unduly complex.

p. Deposits and Investments

Permitted Deposits and Investments Statutes authorize Pace to make deposits and investments in insured/collateralized commercial banks, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Metropolitan Investment Fund and The Illinois Funds. State statutes require this fund to comply with the Illinois Public Funds Investment Act (30 ILCS 235).

Pace 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. Investments are valued using the market valuation method.

Pace had no investment, described above, that required determining the fair value measurements as of December 31, 2021.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 3 DEPOSITS AND INVESTMENTS

a. Cash

The carrying amount of cash was \$66,035,472 at December 31, 2021, while the bank balances were \$66,532,511. At December 31, 2021, Pace's petty cash fund totaled \$3,974. All account balances aside from petty cash were either insured by the Federal Deposit Insurance Corporation (FDIC) or had pledge collateral held in a third-party institution in the name of Pace. Bank deposits over FDIC insurable limits are secured by collateral to protect deposits in a single financial institution if it were to default. Collateral will have a market value equivalent to at least 105% of deposits at that particular institution. The collateral shall be marked to market and adjusted on at least a monthly basis. In 2021, \$1.2 million of Restricted Cash is in a bond reserve fund and was restricted for repayment of debt.

b. Certificates of Deposit

Certificates of Deposit amounted to \$21,541,694 at December 31, 2021. All Certificates of Deposit were insured by the Federal Deposit Insurance Corporation (FDIC) or by a Federal Home Loan Bank (FHLB) line of credit.

c. Investments

Investments are governed by 30 ILCS 235, Public Funds Investment Act. The Board of Directors maintains a formal Investment Policy which addresses the governing provisions of the state law as well as specifying additional guidelines for the investment process. The allowable investments per Pace's policy mirror those specified in the State statute. In general, these investments include instruments issued by the U.S. Government, federal agencies, high grade commercial paper, bank deposits, investment pools created under the State Treasurer's Act, and selected money market mutual funds.

Interest Rate Risk. As a means of limiting its exposure to fair market value losses arising from rising interest rates, investments of Pace shall be limited to instruments maturing no longer than five years from the time of purchase.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Credit Risk. Pace's Investment Policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. Pace's Investment Policy limits investments in short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase; (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations.

Concentration of Credit Risk. Pace places no limit on the amount that may be invested in any one issuer. As of December 31, 2021, Pace did not have any funds placed in instruments that would be considered investments.

NOTE 4 RELATIONSHIP WITH REGIONAL TRANSPORTATION AUTHORITY

Transactions with the RTA include receipt of Pace's portion of sales tax revenues, state operating and federal operating assistance grants and funding for the ADA program. Pace also receives reimbursements from the RTA for amounts expended by Pace on behalf of the RTA.

	2021
Amounts Due from RTA:	
Sales Tax and Public Funding	\$59,122,875
Operating and Capital Grants	17,352,549
Other	29,450
Total Due from RTA	\$76,504,874

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 5 CHANGES IN CAPITAL ASSETS

<u>Type</u>	<u>1/1/2021 Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>12/31/2021 Balance</u>
Capital Assets not Being Depreciated					
Land	\$ 33,133,698	\$ -	\$ -	\$ -	\$ 33,133,698
Capital Projects in Progress	13,970,190	39,437,712	(13,970,190)	-	39,437,712
Total Capital Assets not Being Depreciated	<u>47,103,888</u>	<u>39,437,712</u>	<u>(13,970,190)</u>	<u>-</u>	<u>72,571,410</u>
Capital Assets Being Depreciated					
Equipment	535,639,815	7,919,827	8,629,784	(48,782,492)	503,406,934
Buildings and Improvements	240,886,343	4,076,782	5,340,406	-	250,303,531
Total Capital Assets Being Depreciated	<u>776,526,158</u>	<u>11,996,609</u>	<u>13,970,190</u>	<u>(48,782,492)</u>	<u>753,710,465</u>
Accumulated Depreciation					
Equipment	(384,279,755)	(50,929,142)	-	48,782,492	(386,426,405)
Buildings and Improvements	(108,310,660)	(2,264,897)	-	-	(110,575,557)
Total Accumulated Depreciation	<u>(492,590,415)</u>	<u>(53,194,039)</u>	<u>-</u>	<u>48,782,492</u>	<u>(497,001,962)</u>
Total Capital Assets Being Depreciated, Net	<u>283,935,743</u>	<u>(41,197,430)</u>	<u>13,970,190</u>	<u>-</u>	<u>256,708,503</u>
Net Capital Assets	<u>\$ 331,039,631</u>	<u>\$ (1,759,718)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,279,913</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 6 RISK MANAGEMENT

Pace's basic risk financing policy is to retain a portion of the financial risk of loss for its General Liability, Automobile Liability, and Workers Compensation exposures. Pace does purchase aggregate insurance coverage in excess of specific self-insured retentions for each of the liability exposures highlighted below. Pace also purchases conventional insurance for its property, environmental, crime, employment practice, directors & officers and cyber liability exposures. The basic premise of Pace's Risk Management program is to make risk control and risk financing decisions that minimize the adverse effects that accidental losses have on our organization. The employee health plan and workers' compensation programs are administered primarily by third-party administrators that provide claims management services in exchange for a service fee.

There were no settlements in the past three years that exceeded the allotted coverage. There were also no significant reductions in coverage in 2021. Pace's specific self-insured retentions as of December 31, 2021 are structured as follows:

General Liability	\$2,500,000 Each Occurrence
Pollution Legal Liability	\$25,000 Each Occurrence
Underground Storage Tank Liability	\$50,000 Each Occurrence Tanks Under 30 Years Old \$250,00 Each Occurrence Tanks Over 30 Years Old
Automobile Liability	\$5,000,000 Each Occurrence
Excess Workers Compensation	\$1,000,000 Each Occurrence
Property	\$25,000 Per Occurrence Deductible – All Other Risks Various Deductibles for Catastrophic Risks (Earthquake, Flood, and Wind/Hail)
Employment Practice Liability	\$100,000 Each Occurrence
Cyber Liability	\$100,000 Each Occurrence

Pace also has assumed the financial risk for its employee health and welfare coverage. The stop loss coverage at December 31, 2021 is as follows:

	<u>Specific Stop Loss</u>	<u>Aggregate Stop Loss</u>
Corporate and all Divisions	<u>\$150,000</u>	<u>\$5,312,497</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 6 RISK MANAGEMENT (Continued)

Claim reserves (liabilities) for general liability, automobile liability, and workers compensation are established based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and for claims that have been incurred but not reported (IBNR). For general and automobile liability, case reserves are established by the claim adjuster at the time the claim file is established and are modified throughout the life cycle of the claim.

The reserves on larger cases, particularly those in litigation, are reviewed with legal staff. Reserves are reviewed regularly by the Pace General Counsel and adjusted on an as needed basis.

General liability, automobile liability, and workers compensation claim reserves reflect the ultimate settlement value of the claim. For workers compensation claims, reserves for temporary total disability (TTD), permanent partial disability, permanent total disability and medical expenses are established in accordance with the benefit structure outlined in the Illinois Workers Compensation Act. If permanency is involved on the case, the reserves will be increased to reflect the appropriate amount as determined by previous cases settled at the Illinois Workers Compensation Commission. Reserves are updated as necessary and reflect the ultimate settlement value of the claim.

General liability, automobile liability, and workers compensation claim liabilities for incurred losses to be settled by a lump-sum payment or other agreement, represent their present value using an expected future investment yield of 2% per year. Reserves for employee health and welfare coverage are established based on historical claim experience. The ultimate liability for general liability, automobile liability, workers compensation, and the employee health and welfare plan is approximately \$32,740,383 and \$29,412,136 as of December 31, 2021 and 2020, respectively. Cash is intended to pay for general liability, automobile liability, and workers compensation at a present value of \$29,775,800 and \$28,298,092 for this liability at December 31, 2021 and 2020, respectively.

Changes in the balances of claims liabilities were as follows:

	For the Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 29,412,136	\$ 40,377,404
Current year claims and changes in estimates	6,703,806	(4,177,129)
Claim payments	<u>(3,375,559)</u>	<u>(6,788,139)</u>
	<u>\$ 32,740,383</u>	<u>\$ 29,412,136</u>
Current portion of insurance reserves	\$ 9,535,315	\$ 8,744,916
Non-current portion of insurance reserves	<u>23,205,068</u>	<u>20,667,220</u>
Total insurance reserves	<u>\$ 32,740,383</u>	<u>\$ 29,412,136</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 7 LONG TERM DEBT

On February 24, 2015, Pace issued \$12 million in Special Revenue Bonds through a competitive bid process utilizing the Illinois Finance Authority's direct bank placement program. The bond proceeds are used to finance the conversion of South Division in Markham into a compressed natural gas facility. These revenue bonds are not general obligations of Pace and must be repaid with Pace operating revenue in equal annual principal payments.

State statute limits the amount of debt Pace is allowed and specifies projects for each bond issuance. Specifically, only four specific projects are allowed, with a total limit of \$100 million. The bond issued in 2015 comprises the total bonding authority for one of the four projects.

A requirement of the bond covenant is that Pace deposit \$1.2 million into a reserve account. In addition, Pace is required to make a monthly deposit that represents one-twelfth of the annual principal payment and one-sixth of the semiannual interest payment into a debt service account held at the bond depository bank. Semi-annual interest payments began on June 15, 2015 and continued semi-annually each June and December going forward. The annual principal payment was made in December, 2021.

Revenue bonds currently outstanding as of year ending December 31, 2021 are as follows:

Bond Issuance	Fund Debt Retired By	Beginning Balance	Issuances	Retirements	Ending Balance at 12/31/2021	Due In One Year
Taxable Revenue Bond Series of 2015, the South Cook Compressed Natural Gas facility project, authorized issue of \$12,000,000, due in annual installments of \$1,200,000, interest payable June 15 and December 15 at rates ranging from 1.40% to 3.50%, through December 15, 2024	Suburban Services	\$ 4,800,000	\$ -	\$ 1,200,000	\$ 3,600,000	\$ 1,200,000

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 7 LONG TERM DEBT (Continued)

Annual requirements to amortize all debt outstanding as of December 31, 2021 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	1,200,000	119,400	1,319,400
2023	1,200,000	82,200	1,282,200
2024	1,200,000	42,000	1,242,000
Total	<u>\$ 3,600,000</u>	<u>\$ 243,600</u>	<u>\$ 3,843,600</u>

NOTE 8 ADVANCE FROM STATE

Pace receives a one month advance from the Illinois Department of Revenue to compensate for the delay in the processing of sales tax payments. The advance is forwarded to the Regional Transportation Authority and is then allocated among the three Service Boards. Pace reported a liability of \$12,020,244 and \$11,898,449 respectively, for this advance for the year ended December 31, 2021 and December 31, 2020.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS

Pace participates in two single-employer defined benefit pension plans that are administered through a trust: The Amalgamated Transit Union Local 900 Pension Plan for Pace North Division and the Retirement Plan for Pace West Division Employees. Pace also participates in The Regional Transportation Authority (“RTA”) Pension Plan which is a governmental multiple-employer, defined benefit pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Amalgamated Transit Union Local 900 Pension Plan, the Retirement Plan for Pace West Division Employees and RTA Pension Plan (“the plans”) and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The aggregate amount of pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for the North Division and West Division single-employer plans and Pace’s proportionate share for the RTA Pension Plan as of December 31, 2021 are as follows:

	Amalgamated Transit Union Local 900 Pension Plan	Retirement Plan for Pace West Division Employees	The Regional Transportation Authority (“RTA”) Pension Plan	Total
Net Pension Liability	\$ 470,418	\$ 8,869,522	\$ 40,093,743	\$ 49,433,683
Deferred Outflows of Resources related to Pensions	\$ 314,521	\$ 1,838,061	\$ 37,985,188	\$ 40,137,770
Deferred Inflows of Resources related to Pensions	\$ (805,867)	\$ (2,744,553)	\$ (6,539,013)	\$ (10,089,433)
Pension Expense	\$ (58,494)	\$ 258,768	\$ 10,928,902	\$ 11,129,176

Details regarding each pension plan are outlined in the note disclosures below.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division

The Amalgamated Transit Union Local 900 Pension Plan (Plan) is a single-employer defined benefit pension plan covering substantially all union employees of Pace North Division. Wells Fargo Bank, NA is the trustee of the Plan. Wells Fargo holds and manages the assets and maintains all record of the Plan. The Plan is administered by a Pension Committee that reports to the plan trustees and is comprised of a member appointed by the Employer and a member appointed by the Amalgamated Transit Union Local 900. The Collective Bargaining Agreement is approved by the Union and, if ratified, then approved by the Pace Board of Directors. After it is ratified by both parties, a pension plan amendment is prepared and goes to the Plan Trust Committee for vote and approval to enact the plan amendment. The Plan issues a separate financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Pace, 500 West Algonquin Road, Arlington Heights, IL 60005-4412 or by calling (847) 364-8130.

All Pace employees who are covered by the Collective Bargaining Agreement are eligible to participate in the Plan upon completing one year of service. Under the Collective Bargaining Agreement, plan participants are required to contribute 5% of their compensation. Such employee contributions are treated as pick-up contributions (pre-tax) under Section 414(h) of the Internal Revenue Code. The Employer also contributes 4% of an employee's compensation to the Plan under the Collective Bargaining Agreement.

The participant's vested interest in his/her employee contribution account balance is 100%. A participant's vested interest in employer contributions is determined in accordance with the following schedule:

<u>Years of Vesting Service</u>	<u>Vested Interest</u>
0 to 4 years	0%
5 or more years	100%

The Plan provides normal early retirement and disability benefits based upon years and hours of service credited to the participant during each year of service. Benefits fully vest upon attaining 5 years of service. Normal retirement age is 65 or age 62 with 30 years of benefit service and entitles an employee to 100% of his vested benefits. An employee may retire early at age 55 when they have five years of vesting service and 10 years of benefit service. Pension benefit payments are based upon the employee's benefit service and monthly benefit rates. The benefit level for all service is \$36 for each year of service not to exceed 40 years. The Post-1997 service is \$30 for each year of service after December 31, 1997, in which an employee works 1,500 hours or more, plus \$22 for each year of service after December 31, 1997, in which an employee works 1,000 to 1,499 hours.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

The actuarial valuation report date is January 1, 2021. Measurements as of the reporting date are based on fair value of assets as of December 31, 2020 and the Total Pension Liability as of the valuation date of January 1, 2020, updated to December 31, 2020. The table below shows the changes in Total Pension Liability, the Plan Fiduciary Net Position and the Net Pension Liability during the measurement year based on the measurement date of December 31, 2020.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 01/01/2020	\$ 7,988,041	\$ 6,798,918	\$ 1,189,123
Changes for year:			
Service Cost	170,518	-	170,518
Interest	595,413	-	595,413
Changes of Benefits	-	-	-
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	31,006	-	31,006
Contributions - Employer	-	170,670	(170,670)
Contributions - Member	-	213,335	(213,335)
Net Investment Income	-	1,201,643	(1,201,643)
Benefit Payments	(501,396)	(501,396)	-
Administrative Expense	-	(70,006)	70,006
Net Changes	<u>295,541</u>	<u>1,014,246</u>	<u>(718,705)</u>
Balances at 12/31/2020	<u>\$ 8,283,582</u>	<u>\$ 7,813,164</u>	<u>\$ 470,418</u>

During the measurement year there was an experience loss of \$31,006 resulting in an increase in the Net Pension Liability. The investment gain exceeded the service cost, interest cost, the experience loss and administrative expenses resulting in a decrease in the Net Pension Liability of \$718,705.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was a difference between projected and actual investment earnings of \$700,922 that resulted in an investment gain. Approximately \$140,184 of that difference was recognized in the current year and an identical amount will be recognized in each of the next four years resulting in a deferred inflow of resource of \$560,738. In addition, there was \$91,069 recognized from the prior years' investment gains and losses resulting in a remaining deferred inflow of resources of \$227,845. The deferred inflows net with the deferred outflows resulting in a total net deferred inflow of \$788,583.

The prior losses from assumption changes resulted in \$20,241 of the loss being recognized in the current year and an identical amount will be recognized in each of the next two years resulting in a deferred outflow of resources of \$40,482.

The impact of experience gains or losses is recognized over the average expected remaining service life of all active and inactive members. During the measurement year, there was an experience loss of \$31,006. Approximately \$7,752 of that loss was recognized in the current year and an identical amount will be recognized in the next three years resulting in a deferred outflow of \$23,254. In addition, there was \$32,044 recognized from prior years' experience losses resulting in a remaining deferred outflow of resources of \$89,844.

There was also \$9,156 recognized from the prior years' experience gains resulting in a remaining deferred inflow of resources of \$17,284.

The table below summarizes the current balance of deferred outflows and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made Subsequent to the Measurement Date	\$ 160,941	\$ -
Differences Between Expected and Actual Experience	113,098	17,284
Changes in Assumptions	40,482	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	788,583
Total	<u>\$ 314,521</u>	<u>\$ 805,867</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

In 2021, there was \$160,941 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date. The contribution will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2022. Amounts reported as deferred outflows and deferred inflows of resources will be recognized as pension expense in the following periods:

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

Year Ended December 31:	
2022	\$ (183,119)
2023	(89,408)
2024	(239,578)
2025	(140,182)
2026	-
Thereafter	-

At December 31, 2020 and 2019, the number of participants were:

	<u>2020</u>	<u>2019</u>
Current Employees	72	76
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	59	59
Terminated employees entitle to, but not yet receiving, benefits	<u>21</u>	<u>18</u>
	<u>152</u>	<u>153</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports.

Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2020, updated to December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Market value of assets
Amortization Method	Unfunded Actuarial Liability (UAL) is amortized as a level dollar amount over 20-year periods.
Life expectancy	RP-2014 Combined Mortality Tables with no projected future mortality improvement.
Investment Rate of Return	7.50%
Salary increases	2.00%
Inflation	Included in the salary increases
Retirement Age	Age 65 or age 62 with 30 year of benefit service

Long-term Expected Rate of Return. The long-term expected rate of return is developed through the use of proprietary software designed to simulate and assess potential risk of return characteristics of portfolios. The software is based on a Monte Carlo simulation of macroeconomic factors, which are used to model monthly return outcomes of capital markets. Data is simulated on a monthly basis; the simulation is based on historical monthly figures dating back to 1926. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Type and Class	Long-Term Expected Real Rate of Return	Target Allocation
Global Equity	7.4%	80.0%
Real Estate	6.5%	10.0%
Fixed Income	2.0%	10.0%
Cash	0.2%	0.0%

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

a. North Division (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan participant 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Employer, calculated using the discount rate of 7.50%, as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's Net Pension (Asset) Liability	\$ 1,297,101	\$ 470,418	\$ (237,820)

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

b. West Division

The Retirement Plan for Pace West Division Employees is a single-employer defined benefit pension plan covering substantially all union employees of Pace’s West Division. Wells Fargo Bank, NA is the trustee of the Plan. Wells Fargo holds and manages the assets and maintains all records of the Plan. The Plan is administered by the Retirement Allowance Committee, which is comprised of three members appointed by the Employer, two members appointed by the Amalgamated Transit Union Local 241, and one member who is a non-bargained employee of the Employer. Benefit terms are established and/or amended through the Collective Bargaining Agreement. The Collective Bargaining Agreement is approved by the Union and, if ratified, then approved by the Pace Board of Directors. After it is ratified by both parties, a pension plan amendment is prepared and goes to the Retirement Allowance Committee for vote and approval to enact the plan amendment. The Plan issues a separate financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Pace, 500 West Algonquin Road, Arlington Heights, IL 60005-4412 or by calling (847) 364-8130.

Generally, an employee who is represented by the Amalgamated Transit Union Local No. 241 and is covered for all fringe benefits under the Collective Bargaining Agreement shall become a participant in the Plan as of the first day of employment. Contributions to the Plan by the employer and employees are subject to labor negotiations which consider, among other things, the actuarial valuation of the Plan. Under the Collective Bargaining Agreement effective January 1, 2016, plan participants are required to contribute 6.5% of their compensation and Pace contributes 6.5% as an employer contribution. Employee contributions are deducted from payroll. Both the employee and employer contributions are to be paid to the trustee monthly.

A participant’s vested interest in his/her employee contribution account balance shall at all times be 100%. A participant’s vested interest in employer contributions is determined in accordance with the following schedule:

<u>Year of Vesting Service</u>	<u>Vested Interest</u>
0 to 9 years	0%
10 or more years	100%

The normal retirement benefit is 1.85% of compensation for each year of service, but not more than 70% of the average of the employee’s highest five plan years of earnings. Under the terms of the Plan, the normal retirement date is the date the participant reaches his/her sixty-fifth (65th) birthday, or the first day of the calendar month following the date on which a participant has completed 25 years of credited service, regardless of age. The Plan also provides for early retirement at reduced benefits for participants with three years of service who have attained age 57. In addition, the Plan provides for death benefits payable to surviving spouses and certain disability benefits.

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

The actuarial valuation report date is January 1, 2021. Measurements as of the reporting date are based on the fair value of assets as of December 31, 2020, and the Total Pension Liability as of the valuation date of January 1, 2020, updated to December 31, 2020. The table below shows the changes in Total Pension Liability, the Plan Fiduciary Net Position and the Net Pension Liability during the measurement year based on the measurement date of December 31, 2020.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 01/01/2020	\$ 37,766,941	\$ 26,363,514	\$ 11,403,427
Changes for year:			
Service Cost	1,004,289	-	1,004,289
Interest	2,760,288	-	2,760,288
Changes of Benefits	-	-	-
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	(751,412)	-	(751,412)
Contributions - Employer	-	1,105,921	(1,105,921)
Contributions - Member	-	1,105,790	(1,105,790)
Net Investment Income	-	3,431,682	(3,431,682)
Benefit Payments	(2,431,951)	(2,431,951)	-
Administrative Expense	-	(96,323)	96,323
Net Changes	<u>581,214</u>	<u>3,115,119</u>	<u>(2,533,905)</u>
Balances at 12/31/2020	<u>\$ 38,348,155</u>	<u>\$ 29,478,633</u>	<u>\$ 8,869,522</u>

During the measurement year, there was an experience gain of \$751,412 resulting in a decrease to Net Pension Liability. The investment gain and contributions exceeded service cost, interest cost, the loss from changes in assumptions, the experience loss and administrative expenses resulting in an decrease in the Net Pension Liability of \$2,533,905.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment gain of \$1,469,148. Approximately \$293,830 of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years totaling \$1,175,318 in deferred inflows. In addition, there was \$228,311 recognized from the prior years' net investment gains and losses resulting in a remaining deferred inflow of resources of \$751,029. The deferred inflows from the current and prior year investment gain exceeded the remaining deferring outflows resulting in net deferred inflows of \$1,926,347.

The prior year's loss from assumption changes resulted in \$112,997 of the loss being recognized in the current year and an identical amount will be recognized in each of the next two years resulting in a deferred outflow of \$225,995.

During the measurement year, there was an experience gain of \$751,412. Approximately, \$150,282 of this experience gain will be recognized in the current year and an identical amount will be recognized in each of the next four years totaling \$601,130 in deferred inflows. In addition, there was \$159,190 recognized from the prior years' experience gains resulting in a remaining deferred inflow of resources of \$217,076 making the total deferred inflows for experience gains \$818,206.

The prior year's experience loss resulted in \$184,810 being recognized in the current year. An identical amount will be recognized in each of the next three years resulting in a deferred outflow of \$554,430.

The table below summarizes the current balance of deferred outflows and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made Subsequent to the Measurement Date	\$ 1,057,636	\$ -
Differences Between Expected and Actual Experience	554,430	818,206
Changes in Assumptions	225,995	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,926,347
Total	<u>\$ 1,838,061</u>	<u>\$ 2,744,553</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

In 2021, there was \$1,057,636 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date. The contribution will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2022. Amounts reported as deferred outflows and deferred inflows of resources will be recognized as pension expense in the following periods:

Year Ended December 31:		
2022	\$	(487,183)
2023		(250,020)
2024		(782,813)
2025		(444,112)
2026		-
Thereafter		-

At December 31, 2020 and 2021, the number of participants were:

	<u>2020</u>	<u>2019</u>
Current Employees	238	243
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	207	199
Terminated employees entitled to, but not yet receiving, benefits	<u>41</u>	<u>44</u>
	<u>486</u>	<u>486</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports.

Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2020, updated to December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Five-year smoothing with asset gains or losses recognized at 20% per year
Amortization Method	Unfunded Actuarial Liability (UAL) is amortized as a level dollar amount over a 30-year period.
Life expectancy	RP-2014 Combined Health Mortality Table with no assumed mortality improvement
Assumed Rate of Return	7.50% (established by the Collective Bargaining Agreement)
Salary increases	3.50%
Inflation	Included in salary increases
Retirement Age	Age 65 or 25 years of service

Long-term Expected Rate of Return. The long term expected rate of return was determined by establishing best-estimate ranges of expected future real rates of return. Real returns differ from total returns in that real returns are calculated net of plan investment expenses and inflation. Expected real returns are determined using a geometric means assumption for each asset class in which the Plan has exposure. Best estimates of real rates of return for each major asset class, included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Type and Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity	3.13%	62.50%
Fixed Income	-0.25%	35.00%
Cash or Cash Equivalents	-2.13%	2.50%

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

b. West Division (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan participant contributions will be made at the current contribution rate and that Employer contributions will be made at a rate equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Plan, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's Net Pension Liability	\$ 12,526,586	\$ 8,869,522	\$ 5,708,607

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan

The Regional Transportation Authority Pension Plan is a governmental cost sharing multiple-employer, defined benefit pension plan. The Plan covers substantially all employees of the RTA and its Commuter Rail and Suburban Bus Divisions (“Metra” and “Pace”, respectively), who are not otherwise covered by a union pension plan. The responsibilities for administering the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors (“RTA Board”). Benefit terms are established and/or amended by approval of the RTA Board of Directors. The Plan issues a separate financial report that includes financial statements and required supplementary information. More information regarding the elements of the Plan’s basic financial statements can be obtained by writing to Pace, 550 West Algonquin Road, Arlington Heights, IL 60005-4412 or by calling (847) 364-8130 to request a copy of the financial report.

Employees are eligible for participation on the first day of the month that coincides with or follows their date of employment. Participants are entitled to annual pension benefits upon normal retirement at age 65, generally a percentage of the average annual compensation in the highest three years of service, whether consecutive or not, multiplied by the number of years of credited service. At January 1, 2020 the number of participants were:

	<u>2020</u>
Active	1,226
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	874
Terminated employees entitled to, but not yet receiving, benefits	<u>496</u>
	<u><u>2,596</u></u>

The Plan provides that, upon retirement, benefits will be reduced by a defined percentage for participants who received credit for prior service with an eligible employer. The Plan permits early retirement with reduced benefits at age 55 after completing ten years of credited service. As a result of the August 1, 1999 amendment to the Plan, participants may receive their full vested benefits if they are at least 55 years of age and their combined age at retirement and credited years of service equals eighty-five or higher (known as “Rule of Eighty Five Early Retirement”). The Plan provides for benefit payments to beneficiaries subject to the election of the participant. In addition, the lump sum payment form is no longer an optional form of payment for participants that have not earned credited service prior to January 1, 2011. Effective July 1, 2016, a change was made to provide additional pre-retirement death benefits for the survivors of plan members along with additional forms of benefit payment options. An employee is eligible for a disability pension if he or she becomes disabled after the completion of ten years of credited service, and is no longer receiving long-term disability benefits under a separate RTA benefit plan, or after reaching age 65, whichever is later.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Contributions. The Plan is funded solely by employer contributions, which are actuarially determined under the entry age normal method. The pension plan document defines the employers' funding policy as contributions at least equal to an amount determined advisable by the Plan's actuary to maintain the Plan on a sound actuarial basis. For the purpose of determining contributions, the Plan uses an asset smoothing method which smooths asset gains and losses over a 5-year period. The minimum contribution is the sum of the normal cost and the 30-year amortization of the unfunded liability. If participants terminate continuous service before rendering five years (ten years prior to January 1, 1987) of credited service, they forfeit the right to receive the portion of their accumulated benefits attributable to employer contributions. All forfeitures are applied to reduce the amount of contributions otherwise payable by the employer. The calculation of the recommended annual contribution requirements for the measurement year is as follows:

	<u>2020</u>
Annual Normal Cost as of Valuation Date	\$ 9,434,358
Normal Cost Expense Load	625,123
Interest on Normal Cost to End of Year	754,461
30-Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability at End of Year	<u>6,306,931</u>
Total Recommended Annual Contribution for the Current Plan Year	<u><u>\$ 17,120,873</u></u>
Total Covered Payroll	\$ 107,441,009
Recommended Annual Contribution (as a percentage of pay)	15.935%

The allocation of the recommended annual contribution requirements for the measurement year is shown below:

	2020 Pensionable Payroll	Allocation Percent	Allocated Recommended Annual Contribution Requirements for Fiscal Year 2020
Metra	\$ 52,714,227	55.7%	\$ 9,536,326
Pace	33,666,792	35.6%	6,095,031
RTA	8,232,110	8.7%	1,489,516
Total	<u>\$ 94,613,129</u>	100.0%	<u>\$ 17,120,873</u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Net Pension Liability. The table below shows Pace's proportion of the changes in the collective Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability during the measurement year based on the measurement date of December 31, 2020. Measurements as of the reporting date are based on fair value of assets as of December 31, 2020 and the total pension liability is based on an actuarial valuation performed as of January 1, 2020 with liabilities rolled forward to the measurement date of December 31, 2020.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 01/01/2020	\$ 143,362,559	\$ 125,033,677	\$ 18,328,882
Changes for year:			
Service Cost	3,358,632	-	3,358,632
Interest	9,586,995	-	9,586,995
Changes of Benefits	-	-	-
Changes of Assumptions	24,475,844	-	24,475,844
Differences Between Expected and Actual Experience	3,105,874	-	3,105,874
Changes in Employer Proportionate Share	(203,655)	-	(203,655)
Contributions - Employer	-	6,557,829	(6,557,829)
Net Investment Income	-	12,213,618	(12,213,618)
Benefit Payments	(10,236,480)	(10,236,480)	-
Administrative Expense	-	(212,618)	212,618
Net Changes	<u>30,087,210</u>	<u>8,322,349</u>	<u>21,764,861</u>
Balances at 12/31/2020	<u>\$ 173,449,769</u>	<u>\$ 133,356,026</u>	<u>\$ 40,093,743</u>

In 2020, the Plan incurred a net investment gain of \$34.3 million compared to a gain of \$48.3 million in 2019. The decrease in net investment income in 2020 was the result of upward movement in the securities market slowing from 2019. The increase in the liability for changes of assumptions was due to the actuary's implementation of new assumptions based on a plan experience study performed in 2020 and updated as of January 1, 2020. The decrease in benefit payments is due to the fact that there were several long-term employees who retired in 2020 and requested lump sum payouts from the plan.

Pace's proportion of the collective Net Pension Liability is consistent with the manner in which contributions to the pension plan were determined. The recommended annual contribution allocation shown on the previous page presents the actual fiscal year 2020 contributions used within the proportionate share calculation for each employer and the respective allocation percentage.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

The table below summarizes Pace's proportionate share of the deferred outflows and deferred inflows of resources that are to be recognized in future pension expenses:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made Subsequent to Measurement Date	\$ 10,733,748	\$ -
Changes in Assumptions	23,631,665	828
Difference Between Expected and Actual Experience	3,606,297	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	5,458,177
Change in Employer Proportionate Share	13,478	1,080,008
Total	<u>\$ 37,985,188</u>	<u>\$ 6,539,013</u>

In 2021, there was \$10,733,748 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the reporting year ended December 31, 2021. Amounts reported as deferred outflows and deferred inflows will be recognized as pension expense in the following periods:

Year Ended December 31:

2022	\$ 5,541,751
2023	\$ 7,004,355
2024	\$ 3,874,234
2025	\$ 4,292,087
2026	\$ -
Thereafter	\$ -

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Deferred Outflows and Inflows. Deferred outflows and inflows of resources can arise from differences between expected and actual experiences, changes in assumptions, differences between projected and actual earnings, changes in the employer's proportion and the difference between the employer's contributions and the employer's proportionate share of contributions as well as contributions made subsequent to the measurement date. The difference between projected and actual earnings on investments is recognized over a period of five years. The net effect of changes in assumptions, the difference between expected and actual experience and the change in the employer proportionate share are amortized over the average of the expected remaining service lives of all employees. The average expected remaining service life by year is as follows:

<u>Year</u>	<u>Average Remaining Service Life</u>
2017	5.0469
2018	5.0933
2019	4.9825
2020	4.9422

Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Five-year smoothed market
Amortization Method	Level dollar closed
Life expectancy	Pub-2010 (General Employees) Employee Mortality Table for pre-retirement mortality and the Pub-2010 (General Employees) Healthy Retiree Mortality Table for post-retirement mortality, sex distinct, with mortality improvement projected from 2010 using projection scale MP-2018
Investment Rate of Return	6.0%
Salary increases	2.85% to 8.60% including inflation
Inflation	2.50%
Retirement Age	First day of the calendar month coinciding with or following a participant's 65 th birthday; or age 55 with 10 years of vesting service.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Discount rate. The discount rate for the December 31, 2019 measurement date was 7.50%. A change was made in 2020 and the single discount rate of 6.0% was used to measure the total pension liability. This single discount rate was based on the future expected rate of return on pension plan investments of 6.0%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents Pace's proportionate share of the Plan's collective net pension liability, calculated using a single discount rate of 6.0%, as well as what the proportionate share would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Employer's Net Pension Liability	\$ 59,608,775	\$ 40,093,743	\$ 23,783,417

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 9 PENSION PLANS (Continued)

c. The Regional Transportation Authority Pension Plan (Continued)

Long-term Expected Rate of Return. The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2021. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are based on both an arithmetic and geometric means and 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 pension plan's policy in regard to the allocation of invested assets is established and may be amended by the RTA Pension Plan Committee. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Type and Class	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	6.80%	28.0%
Developed Foreign Equity	7.10%	16.0%
Emerging Markets Equity	8.10%	15.0%
Private Equity	9.10%	4.0%
Investment Grade Bonds	1.80%	11.0%
Long-Term Government Bonds	2.50%	3.0%
TIPS	1.40%	3.0%
High-Yield Bonds	4.20%	3.0%
Emerging Market Bonds (local)	3.70%	2.0%
Emerging Market Bonds (major)	3.90%	2.0%
Real Estate	5.50%	8.0%
Real Assets	7.00%	5.0%

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 10 DEFINED CONTRIBUTIONS PLANS

a. Pace Administrative Defined Contribution Plan

In addition to the RTA Defined Benefit Plan, all Pace employees who are not covered by a retirement plan which is the subject of a Collective Bargaining Agreement, are eligible to participate in a voluntary 401(K) Plan. Employees are eligible to participate after 60 days of service. A participant is fully vested in his/her account immediately. Contributions to the plan are voluntary for each participant. The Internal Revenue Code places limits on the amounts which employees may elect to contribute. There is no employer obligation to contribute. Plan provisions and contribution requirements are established and may be amended by the Administrative Plan Committee. For 2021, Pace contributed \$253,090 and the participants contributed \$2,166,715 which includes \$244,545 contributed to the Roth 401(K).

b. Union 401(K) and Defined Contribution Plans

The operating divisions of the Pace Suburban Bus Division have established 401(K) plans and defined contribution plans through their respective Collective Bargaining Agreements with the bargained for (union) employees at the divisions. Each division contributes a percentage of compensation for each participant as provided in their respective Collective Bargaining Agreement. In some cases, there is a required employee 401(K) contribution pursuant to the Collective Bargaining Agreement. Each 401(K) plan allows the employee participant to elect to contribute a percentage of the participant's compensation up to a maximum percentage. The defined contribution plans provide only for an employer contribution at the percentage of compensation specified in the Collective Bargaining Agreement. The plans can be amended by the Collective Bargaining Agreement or in writing by the parties to the Collective Bargaining Agreement. The plans issue a financial report that includes financial statements and required supplementary information.

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. The plans are all self-directed by the participant from a selection of mutual funds. All assets of the plan are valued at fair value.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 10 DEFINED CONTRIBUTIONS PLANS (Continued)

b. Union 401(K) and Defined Contribution Plans (Continued)

Contributions. The following table provides additional information regarding these defined contribution plans:

Plan Name	Type of Plan	Number of Covered Employees	Employer Contribution Requirement	Employee Contribution Requirement	Employer Contribution Amount	Employee Contribution Amount
Fox Valley	401(K)	70	4% of Compensation	None	\$157,028	\$94,955
Fox Valley	Defined Contribution	1	4% of Compensation	4% of Compensation	\$2,265	\$2,265
Heritage	401(K)	68	4% of Compensation	4% of Compensation	\$156,904	\$232,343
North Shore	401(K)	47	4% of Compensation	None	\$116,647	\$174,408
Northwest	401(K)	202	4.5% of Compensation	4% of Compensation	\$636,473	\$851,607
River	401(K)	96	4% of Compensation	None	\$243,606	\$253,924
River	Defined Contribution	3	4% of Compensation	4% of Compensation	\$7,941	\$7,925
South	401(K)	228	4% of Compensation	4% of Compensation	\$560,432	\$766,545
Southwest	401(K)	101	4% of Compensation	2% of Compensation	\$237,360	\$268,073

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

Pace offers two single employer retiree health plans to bargained for union employees that are not administered through a trust. The North Division Retiree Health Plan is offered to employees in Amalgamated Transit Union Local 900 and the West Division Retiree Health Plan is offered to employees in Pace West Division and Local 241, Amalgamated Transit Union.

For purposes of measuring the total Other Post Employment Benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense of the North Division Retiree Health Plan and the West Division Retiree Plan (“the plans”) have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as these are pay-as-you-go plans.

The aggregate amount of OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the North Division and West Division Retiree Health Plans as of December 31, 2021 are as follows:

	North Division Retiree Health Plan	West Division Retiree Health Plan	Total
Total OPEB Liability	\$ 337,759	\$ 16,022,133	\$ 16,359,892
Deferred Outflows of Resources related to OPEB	-	1,979,163	1,979,163
Deferred Inflows of Resources related to OPEB	(114,366)	(7,086)	(121,452)
OPEB Expense	23,736	1,045,873	1,069,609

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan

Pace provides a retiree health plan upon retirement to bargained for employees in Amalgamated Transit Union Local 900 after completion of 10 years of service. The plan includes Hospital, Surgical, Health and Accident Insurance for retired employees age 62 to 65. Pace contributes 50% of the premium for the retirees and the North Division Pension Plan pays the other 50%. Spouses are not covered under the plan. This plan is not administered by a trust and does not have a separate financial report.

At December 31, 2021, total OPEB liability totaled \$337,759. The reporting date for determining plan assets and obligations is December 31, 2021. The valuation date is January 1, 2021. The changes in total OPEB liability are as follows:

	Total OPEB Liability
Balances at 01/01/2021	\$ 309,642
Changes for year:	
Service Cost	27,069
Interest	10,028
Benefit Changes	-
Assumption Changes	40,890
Differences Between Expected and Actual Experience	(45,790)
Contributions - Employer	(4,080)
Net Changes	28,117
Balances at 12/31/2021	\$ 337,759

At January 1, 2021 and January 1, 2020 the number of participants were:

	<u>2021</u>	<u>2020</u>
Actives not yet Fully Eligible to Retire	60	59
Actives Fully Eligible to Retire	-	-
Retirees Receiving Coverage	-	1
Total	60	60

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan (Continued)

Sensitivity of the total OPEB liability to changes in healthcare trend rate and discount rate.
The following represents the effect of increasing or decreasing both the assumed annual healthcare trend rate and the discount rate by 1%.

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 308,772	\$ 337,759	\$ 371,243

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 358,063	\$ 337,759	\$ 318,505

At December 31, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 101,667
Changes in Assumptions	-	12,699
Total	\$ -	\$ 114,366

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

Year ended December 31,	
2022	\$ (13,359)
2023	(13,359)
2024	(13,359)
2025	(13,359)
2026	(13,359)
Total Thereafter	(47,571)

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan (Continued)

The OPEB Expense recorded at December 31, 2021 is comprised of the following:

	<u>2021</u>
Service Cost	
Beginning of year service cost	\$ 26,212
Interest on service cost to end of year	855
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	309,641
Benefit payments	4,080
Average OPEB Liability for the year	307,601
Interest on average OPEB liability for the year	10,028
Recognition of Deferred (Inflows)/Outflows from:	
Experience	(11,922)
Asset (Gain)/Loss	-
Assumption Changes	<u>(1,437)</u>
Total Amortization	<u>(13,359)</u>
Administrative expenses	-
Effect of plan changes	-
Projected Earnings on OPEB investments	N/A
Retiree Contributions	-
OPEB Expense	<u><u>\$ 23,736</u></u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

a. North Division Retiree Health Plan (Continued)

Assumptions. The OPEB liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions:

Measurement Date	January 1, 2021
Reporting Date	December 31, 2021
Actuarial Cost Method	Entry age normal, level percent of pay
Asset Valuation Method	Not applicable
Amortization Method	Closed, straight line for average remaining service period
Mortality	Pub. H 2010 General Generational Mortality projected with Scale MP-2021
Discount Rate	1.93%
Salary increases	3.50%
Retirement Age	Age 62 with 10 years of service
Participation	100% of all eligible active and retired participants

The discount rate is the equivalent index rate for 20-year Municipal Bonds with an average rate of AA or higher. The S&P Municipal Bond 20-Year High Grade Rate Index is used.

Additional Assumptions used are:

Health Care Cost Trend Rates

<u>Fiscal Year</u>	<u>Medical</u>	<u>Dental</u>
2021 - 2022	7.33%	4.00%
2022 - 2023	7.00%	4.00%
2023 - 2024	6.67%	4.00%
2024 - 2025	6.33%	4.00%
2025 - 2026	6.00%	4.00%
2026 - 2027	5.67%	4.00%
2027 - 2028	5.33%	4.00%
2028+	5.00%	4.00%

Withdrawal Rates

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	9.80%	14.40%
30	3.70%	4.50%
40	1.20%	2.30%
50	0.20%	0.30%
60	0.00%	0.00%

Retirement Rates

<u>Age</u>	<u>Rate</u>
62	50.0%
63	50.0%
64	50.0%
65	100.0%

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan

The contractual obligation to provide retiree health coverage is under the Collective Bargaining Agreement with Pace West Division and Local 241, Amalgamated Transit Union. Effective January 1, 2004, a retiree health plan was established where Pace contribute 2.5% of earnings to cover the costs of retirees' health coverage per the Collective Bargaining Agreement. On August 2, 2013, a new Collective Bargaining Agreement was signed which resulted in an increase to the employer retiree health contribution. Effective the first full pay period after January 1, 2011, the employer contribution increased to 3.5%. The most recent Collective Bargaining Agreement effective January 1, 2016 did not increase the contribution and it remains at 3.5%. In the event such amount is insufficient to pay the cost of retirees' health coverage, Pace will advance the funds. If the insufficiency is \$10,000 or less, Pace agrees to pay. If the insufficiency is greater, then Pace and Local 241 Amalgamated Transit Union will resolve the insufficiency. This plan is not administered by a trust and does not have a separate financial report.

Active employees hired prior to December 5, 2003 are eligible to receive HMO benefits from the retiree health plan either upon attainment of age 55 and completion of 25 year of service or attainment of age 62 with completion of 20 years of service. Former employees who were age 57 or older on or before the ratification of the Collective Bargaining Agreement that also qualify as a deferred vested pensioner under the Retirement Plan for Pace West Division are eligible for retiree health and life insurance coverage subject to the terms of the agreement. Retiree health coverage consists of enrollment in Pace's HMO plan or payment of a single coverage cash equivalent ("stipend") as outlined in the Collective Bargaining Agreement. Retirees also qualify for a \$2,000 life insurance benefit. Retirees can maintain spouse coverage provided the retiree pays 50% of the difference between single and spouse coverage. Spouse coverage is available until the retiree reaches age 65.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

At December 31, 2021, total OPEB liability totaled \$16,022,133. The reporting date for determining plan assets and obligations is December 31, 2021. The valuation date is January 1, 2021. The changes in total OPEB liability are as follows:

Balances at 01/01/2021	\$ 13,490,312
Changes for year:	
Service Cost	264,399
Interest	430,077
Changes of Benefits	-
Changes of Assumptions	2,748,838
Differences Between Expected and Actual Experience	(315,995)
Contributions - Employer	<u>(595,498)</u>
Net Changes	<u>2,531,821</u>
Balances at 12/31/2021	<u><u>\$ 16,022,133</u></u>

At January 1, 2021 and January 1, 2020, the number of participants were:

	<u>2021</u>	<u>2020</u>
Actives not yet Fully Eligible to Retire	58	73
Actives Fully Eligible to Retire	7	10
Retirees Receiving a Stipend	87	70
Retirees Receiving Medical Coverage	17	26
Spouses	-	1
Total	<u><u>169</u></u>	<u><u>180</u></u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

Sensitivity of the total OPEB liability to changes in healthcare trend rate and discount rate.
The following represents the effect of increasing or decreasing both the assumed annual healthcare trend rate and the discount rate by 1%.

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 14,060,540	\$ 16,022,133	\$ 18,423,416

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 18,244,294	\$ 16,022,133	\$ 14,187,831

At December 31, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made Subsequent to the Measurement Date	\$ 569,496	\$ -
Differences Between Expected and Actual Experience	-	7,086
Changes in Assumptions	1,409,667	-
Total	\$ 1,979,163	\$ 7,086

In 2021, there was \$569,496 reported as deferred outflows of resources related to OPEB contributions made subsequent to the measurement date. The contribution will be recognized as a reduction of the OPEB liability in the reporting year ended December 31, 2022. 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,	
2022	\$ 351,397
2023	351,397
2024	213,220
2025	486,567
2026	-
Total Thereafter	-

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

The OPEB Expense recorded at December 31, 2021 is comprised of the following:

	<u>2021</u>
Service Cost	
Beginning of year service cost	\$ 256,054
Interest on service cost to end of year	8,345
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	13,490,310
Benefit payments	595,498
Average OPEB Liability for the year	13,192,561
Interest on average OPEB liability for the year	430,077
Recognition of Deferred (Inflows)/Outflows from:	
Experience	22,157
Asset (Gain)/Loss	-
Assumption Changes	<u>329,240</u>
Total Amortization	351,397
Administrative expenses	-
Effect of plan changes	-
Projected Earnings on OPEB investments	N/A
Retiree Contributions	-
OPEB Expense	<u><u>\$ 1,045,873</u></u>

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

b. West Division Retiree Health Plan (Continued)

Assumptions. The OPEB liability was determined by an actuarial valuation as of January 1, 2021 using the following actuarial assumptions:

Measurement Date	January 1, 2021
Reporting Date	December 31, 2021
Actuarial Cost Method	Entry age normal, level percent of pay
Asset Valuation Method	Not applicable
Amortization Method	Closed, straight line for average remaining service period
Mortality	Pub. H 2010 General Generational Mortality projected with Scale MP-2021
Discount Rate	1.93%
Salary increases	3.00%
Participation	100% of all eligible active and retired participants
Stipend Trend Rate	Stipend amount is assumed to increase \$120 per year

The discount rate used is the equivalent index rate for 20-year Municipal Bonds with an average rate of AA or higher. The S&P Municipal Bond 20-Year High Grade Rate Index is used.

Additional assumptions used are:

Health Care Cost Trend Rates

<u>Fiscal Year</u>	<u>Pre-65</u>	<u>65+</u>
2021 - 2022	7.33%	5.00%
2022 - 2023	7.00%	5.00%
2023 - 2024	6.67%	5.00%
2024 - 2025	6.33%	5.00%
2025 - 2026	6.00%	5.00%
2026 - 2027	5.67%	5.00%
2027 -2028	5.33%	5.00%
2028+	5.00%	5.00%

Withdrawal Rates

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	9.80%	14.40%
30	3.70%	4.50%
40	1.20%	2.30%
50	0.20%	0.30%
60	0.00%	0.00%

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)

c. West Division Retiree Health Plan (Continued)

For stipend election, 50% are assumed to take the stipend and 50% are assumed to take the medical benefit. Actual elections were used for current retirees. For retirement marriage assumptions, 80% of actives are assumed to be married with husbands three years older than wives. Actual spouse data was used for current retirees.

Retirement Rates	Less Than 25	25 or More
<u>Age</u>	<u>Years of Service</u>	<u>Years of Service</u>
57	5.0%	33.0%
58	5.0%	33.0%
59	5.0%	33.0%
60	20.0%	33.0%
61	5.0%	33.0%
62	50.0%	33.0%
63	25.0%	33.0%
64	50.0%	33.0%
65	100.0%	100.0%

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 12 NET POSITION

a. Restricted Net Position

Restricted Net Position represents a legal debt restriction of \$1,200,000 for repayment of the Revenue Bond Series of 2015 that were issued for the South Cook Compressed Natural Gas facility.

b. Unrestricted Net Position

The change in Unrestricted Net Position for fiscal year 2021 is as follows:

Unrestricted Net Position at 12/31/2020	\$ 43,114,774
Suburban Services Surplus (Deficit)	128,725,589
Pace Capital Grants	(625,484)
Change in Capital Related Borrowings	<u>(1,200,000)</u>
Unrestricted Net Position at 12/31/2021	<u>\$ 170,014,879</u>

c. Working Capital Policy

In December 2018, the Board of Directors approved a Working Capital Policy for the Suburban Services Fund that replaces the previous Working Cash Policy. The policy adopts best practices outlined by the Government Finance Officers Association (GFOA). Working Capital is defined by GFOA as the difference between current assets and current liabilities, or cash availability. For Pace's policy, the current unexpended, approved PBV capital projects balance is also deducted from current assets. The policy requires a working capital of between 45 and 90 days.

At December 31, 2021, the Working Capital calculation for Suburban Services is as follows:

Current Assets	\$ 310,638,761
Less: Current Liabilities	(68,895,591)
Less: PBV Projects	<u>(9,919,971)</u>
	\$ 231,823,199
Operating Expenses	\$ 274,427,773
Working Capital Ratio	84%
Days of Liquidity	308

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 12 NET POSITION (Continued)

d. Designated Net Position

While net position represents residual equity in addition to investment in capital assets, it is important to note that management has designated a portion of this balance for future commitments. These obligations are not legal restrictions on net position and therefore are not segregated on the statement of net position, but are for future consideration. Refer to Schedule 7 on page 103 for the detail of these designations.

NOTE 13 COMMITMENTS AND CONTINGENCIES

- a. Agreements with Pace's paratransit public funded carriers generally provide that Pace will reimburse the lesser of the approved budget, \$3.25 per ride, or up to 75% of defined operating deficits incurred, within defined service guidelines, in the provision of specified demand response public transportation services.
- b. Grant agreements with Pace's public contract carriers provide that Pace reimburse defined operating expenses, limited to their approved budget level, incurred in providing public transportation services.
- c. Pace receives significant financial assistance from federally assisted programs, principal of which is FTA. These programs are subject to audit under the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for which a separate report is issued.

NOTE 14 PLEDGED REVENUES

Pace has pledged future portions of the Suburban Service Fund's operating revenue to repay the Special Revenue Bonds Series 2015 bonds. Proceeds from the bonds provided financing to convert the South Division location into a compressed natural gas facility. The bonds are payable from 2015 through years ended 2024. If the pledged revenues from these sources are insufficient to provide for the principal and interest payments on the bonds, a debt service reserve fund would be used to make the payments. Annual principal and interest payments on the bonds are expected to require less than 2.7% of the operating revenue. The total principal and interest remaining to be paid on the bonds is \$3,843,600. Principal and interest paid for the current year is \$1,354,200, and the Suburban Service Funds' operating revenue for the current year is \$32,114,912.

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 15 SUBSEQUENT EVENTS

In November 2021, Pace was notified by the Regional Transportation Authority that \$71.2 million of funding was allocated for Suburban Services from the American Rescue Plan Act legislation. The funding will be used to help to reduce or eliminate funding shortfalls in the adopted 2022 and future operating budgets as Pace continues to recover from the operational and financial impact of the COVID-19 pandemic.

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**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AMALGAMATED TRANSIT UNION LOCAL 900 PENSION PLAN**

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 170,518	\$ 180,056	\$ 170,220	\$ 179,341	\$ 186,026	\$ 195,168	\$ 133,375
Interest	595,413	575,551	546,461	518,429	487,814	449,547	333,911
Changes of benefit terms	-	-	-	-	-	-	1,191,632
Differences between expected and actual experience	31,006	144,499	(43,211)	15,719	(2,557)	10,612	-
Changes of assumptions	-	-	101,203	-	-	-	-
Benefit payment, including refunds of employee contributions	(501,396)	(523,024)	(443,304)	(302,450)	(246,872)	(193,903)	(123,505)
Net change in total pension liability	295,541	377,082	331,369	411,039	424,411	461,424	1,535,413
Total pension liability - beginning	7,988,041	7,610,959	7,279,590	6,868,551	6,444,141	5,982,717	4,447,304
Total pension liability - ending (a)	\$ 8,283,582	\$ 7,988,041	\$ 7,610,959	\$ 7,279,590	\$ 6,868,552	\$ 6,444,141	\$ 5,982,717
Plan Fiduciary Net Position							
Contributions - employer	\$ 170,670	\$ 175,889	\$ 178,389	\$ 169,821	\$ 164,182	\$ 165,936	\$ 149,926
Contributions - employee	213,335	219,864	222,987	212,279	205,226	204,980	149,926
Net investment income	1,201,643	1,111,779	(231,782)	887,068	358,789	6,897	312,685
Benefit payments, including refunds of employee contributions	(501,396)	(523,024)	(443,304)	(302,450)	(246,872)	(193,903)	(123,505)
Administrative expense	(70,006)	(77,447)	(88,973)	(85,266)	(96,731)	(76,406)	(73,634)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,014,246	907,061	(362,683)	881,452	384,594	107,504	415,398
Plan fiduciary net position - beginning	6,798,918	5,891,857	6,254,540	5,373,088	4,988,494	4,880,990	4,465,592
Plan fiduciary net position - ending (b)	\$ 7,813,164	\$ 6,798,918	\$ 5,891,857	\$ 6,254,540	\$ 5,373,088	\$ 4,988,494	\$ 4,880,990
Net Pension Liability - ending (a) - (b)	\$ 470,418	\$ 1,189,123	\$ 1,719,102	\$ 1,025,050	\$ 1,495,464	\$ 1,455,647	\$ 1,101,727
Plan fiduciary net position as a percentage of the total pension liability	94.32%	85.11%	77.41%	85.92%	78.23%	77.41%	81.58%
Covered payroll	\$ 4,276,772	\$ 4,314,849	\$ 4,514,789	\$ 4,140,722	\$ 4,104,533	\$ 4,121,289	\$ 3,748,150
Net pension liability as a percentage of covered payroll	11.00%	27.56%	38.08%	24.76%	36.43%	35.32%	29.39%

Notes:

In 2015, a change in benefits of \$1,191,632 contributed to the increase in Net Pension Liability. A change to the collective bargaining agreement effective January 1, 2014 outlined various benefit changes including an increased multiplier for all service, a 13th check provision and adjusted early retirement requirements. These changes accounted for the increase in Net Pension Liability for Changes in Benefits.

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
RETIREMENT PLAN FOR PACE WEST DIVISION EMPLOYEES**

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 1,004,289	\$ 1,035,862	\$ 933,694	\$ 849,708	\$ 807,716	\$ 808,140	\$ 752,719
Interest	2,760,288	2,714,014	2,539,774	2,588,128	2,488,260	2,376,281	2,313,170
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(751,412)	924,050	(506,487)	(72,392)	(217,077)	(449,032)	-
Changes of assumptions	-	-	564,986	-	-	-	-
Benefit payment, including refunds of employee contributions	(2,431,951)	(2,267,857)	(2,085,121)	(2,051,407)	(1,983,048)	(1,937,718)	(1,775,689)
Net change in total pension liability	581,214	2,406,069	1,446,846	1,314,037	1,095,851	797,671	1,290,200
Total pension liability - beginning	37,766,941	35,360,872	33,914,027	32,599,990	31,504,140	30,706,469	29,416,269
Total pension liability - ending (a)	\$ 38,348,155	\$ 37,766,941	\$ 35,360,873	\$ 33,914,027	\$ 32,599,991	\$ 31,504,140	\$ 30,706,469
Plan Fiduciary Net Position							
Contributions - employer	\$ 1,105,921	\$ 1,054,746	\$ 1,070,037	\$ 900,263	\$ 889,323	\$ 846,152	\$ 790,856
Contributions - employee	1,105,790	1,054,759	1,069,998	900,222	888,736	850,243	794,934
Net investment income	3,431,682	4,280,546	(867,620)	2,765,608	1,569,326	(271,311)	850,200
Benefit payments, including refunds of employee contributions	(2,431,951)	(2,267,857)	(2,085,121)	(2,051,407)	(1,983,048)	(1,937,718)	(1,775,689)
Administrative expense	(96,323)	(99,510)	(90,901)	(89,884)	(119,224)	(102,386)	(87,594)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	3,115,119	4,022,684	(903,607)	2,424,802	1,245,113	(615,020)	572,707
Plan fiduciary net position - beginning	26,363,514	22,340,830	23,244,437	20,819,635	19,574,522	20,189,542	19,616,835
Plan fiduciary net position - ending (b)	\$ 29,478,633	\$ 26,363,514	\$ 22,340,830	\$ 23,244,437	\$ 20,819,635	\$ 19,574,522	\$ 20,189,542
Net Pension Liability - ending (a) - (b)	\$ 8,869,522	\$ 11,403,427	\$ 13,020,043	\$ 10,669,590	\$ 11,780,356	\$ 11,929,618	\$ 10,516,927
Plan fiduciary net position as a percentage of the total pension liability	76.87%	69.81%	63.18%	68.54%	63.86%	62.13%	65.75%
Covered payroll	\$ 16,682,665	\$ 15,835,729	\$ 16,531,830	\$ 14,056,417	\$ 13,640,822	\$ 12,899,438	\$ 12,349,946
Net pension liability as a percentage of covered payroll	53.17%	72.01%	78.76%	75.91%	86.36%	92.48%	85.16%

Note:

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS
REGIONAL TRANSPORTATION AUTHORITY PENSION PLAN**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	35.6000%	36.0000%	36.0000%	35.8000%	36.5000%	39.1000%	40.7553%
Proportionate share of the net pension liability (asset)	\$ 40,093,743	\$ 18,238,882	\$ 21,735,562	\$ 6,399,210	\$ 13,798,380	\$ 13,520,828	\$ 28,527,177
Covered payroll	\$ 37,888,869	\$ 36,975,759	\$ 35,470,140	\$ 33,774,264	\$ 33,890,431	\$ 31,278,732	\$ 30,225,262
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	105.82%	49.57%	61.28%	18.95%	40.71%	43.23%	94.38%
Plan fiduciary net position as a percentage of the total pension liability	74.91%	86.00%	81.73%	94.32%	87.38%	87.67%	73.51%

Note:

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
AMALGAMATED TRANSIT UNION LOCAL 900 PENSION PLAN**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	Not Available	\$ 171,957	\$ 245,009	\$ 150,323	\$ 208,938	\$ 204,842	\$ 156,328	\$ 97,358
Contributions in relation to the actuarially determined contribution	160,941	170,670	175,889	178,389	169,821	164,182	165,936	149,926
Contribution deficiency (excess)	Not Available	\$ 1,287	\$ 69,120	\$ (28,066)	\$ 39,117	\$ 40,660	\$ (9,608)	\$ (52,568)
Covered payroll	Not Available	\$ 4,276,772	\$ 4,314,849	\$ 4,514,789	\$ 4,140,722	\$ 4,104,533	\$ 4,121,289	\$ 3,748,150
Contribution as a percentage of covered payroll		3.99%	4.08%	3.95%	4.10%	4.00%	4.03%	4.00%

Valuation Date:	Not Available	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Methods and assumptions used to determine contribution rates:								
Actuarial cost method		Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method		Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line
Remaining amortization period		20 years	20 years	20 years	20 years	20 years	20 years	20 years
Asset valuation method		Market	Market	Market	Market	Market	Market	Market
Inflation		Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases	Included in salary increases
Salary increases		2.00%	2.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment rate of return		7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Retirement age		Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65
Mortality		RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2012 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2012 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2012 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2006 using Scale AA
		RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement				

Note:

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. This schedule is intended to show 10 years of information. Additional years will be included as they become available. An actuarial valuation with the actuarially determined contribution for fiscal year 2021 is not available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
RETIREMENT PLAN FOR PACE WEST DIVISION EMPLOYEES**

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	Not available	\$ 1,028,463	\$ 1,158,835	\$ 886,516	\$ 1,022,858	\$ 779,214	\$ 819,246	\$ 813,565
Contributions in relation to the actuarially determined contribution	<u>1,057,636</u>	<u>1,105,921</u>	<u>1,054,746</u>	<u>1,070,037</u>	<u>900,263</u>	<u>889,323</u>	<u>846,152</u>	<u>790,856</u>
Contribution deficiency (excess)	<u>Not Available</u>	<u>\$ (77,458)</u>	<u>\$ 104,089</u>	<u>\$ (183,521)</u>	<u>\$ 122,595</u>	<u>\$ (110,109)</u>	<u>\$ (26,906)</u>	<u>\$ 22,709</u>
Covered payroll	Not Available	\$ 16,682,665	\$ 15,835,729	\$ 16,531,830	\$ 14,056,417	\$ 13,640,822	\$ 12,899,438	\$ 12,349,946
Contribution as a percentage of covered payroll		6.63%	6.66%	6.47%	6.40%	6.52%	6.56%	6.40%

Valuation Date:	Not Available	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Methods and assumptions used to determine contribution rates:								
Actuarial cost method		Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method		Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line	Straight Line
Remaining amortization period		30 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method		Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value	Smoothed Market Value
Inflation		4%	4%	4%	4%	4%	4%	4%
Salary increases		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Investment rate of return		7.50%	7.50%	7.50%	8.00%	8.00%	8.00%	8.00%
Retirement age		Age 65	Age 65	Age 65	Age 65	Age 65	Age 65	Age 65
Mortality		RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2014 Combined Healthy Mortality Tables with no assumed mortality improvement	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2006 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2006 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2006 using Scale AA	RP-2000 Combined Mortality Table with Blue Collar Adjustment projected to 2006 using Scale AA
		RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement	RP-2014 Disabled Mortality Table with no assumed mortality improvement				

Note:

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. This schedule is intended to show 10 years of information. Additional years will be included as they become available.

An actuarial valuation with the actuarially determined contribution for fiscal year 2021 is not available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
REGIONAL TRANSPORTATION AUTHORITY PENSION PLAN**

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 8,586,995	\$ 6,095,031	\$ 4,530,458	\$ 4,173,155	\$ 3,788,251	\$ 3,479,971	\$ 5,317,168	\$ 5,579,076
Contributions in relation to the actuarially determined contribution	8,586,995	6,095,031	4,530,458	4,173,155	3,788,251	3,479,971	5,317,168	5,579,076
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	Not Available	\$ 37,888,869	\$ 36,975,759	\$ 35,470,140	\$ 33,774,264	\$ 33,890,431	\$ 31,278,732	\$ 30,225,262
Contribution as a percentage of covered payroll		16.09%	12.25%	11.77%	11.22%	10.27%	17.00%	18.46%

Valuation Date:	Not Available	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Methods and assumptions used to determine contribution rates:								
Actuarial cost method		Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected unit credit
Amortization method		Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed	Level dollar closed
Remaining amortization period		25 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method		5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Inflation		2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases		2.85% to 8.60% including inflation	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment rate of return		7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Retirement age		Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition	Age-based tables that are specific to the type of eligibility condition
Mortality		Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and post-retirement mortality, sex-distinct, with mortality improvement projected for 2010 using projection scale MP-2018	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.	RP-2014 Mortality Table, sex-distinct, with white collar adjustment, projected to the year 2018 for post-retirement mortality.

Notes:

In 2015, employer contributions of \$33,844,343 were made and are reflected in the Net Pension Liability as of December 31, 2016. These contributions were \$28,527,175 in excess of the actuarially determined contribution.

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. This schedule is intended to show 10 years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
NORTH DIVISION RETIREE INSURANCE PLAN**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 27,069	\$ 32,483	\$ 35,985	\$ 30,750
Interest	10,028	12,287	11,639	12,257
Differences between expected and actual experience	(45,790)	(38,696)	(32,162)	(9,009)
Changes of assumptions	40,890	(31,865)	(42,083)	11,963
Benefit payment, including refunds of employee contributions	<u>(4,080)</u>	<u>(4,221)</u>	<u>(4,078)</u>	<u>(11,960)</u>
Net change in total OPEB liability	28,117	(30,012)	(30,699)	34,001
Total OPEB liability - beginning	<u>309,642</u>	<u>339,654</u>	<u>370,353</u>	<u>336,352</u>
Total OPEB liability - ending	<u>\$ 337,759</u>	<u>\$ 309,642</u>	<u>\$ 339,654</u>	<u>\$ 370,353</u>
Covered payroll	\$ 4,282,511	\$ 4,398,507	\$ 4,457,984	\$ 4,121,289
Total OPEB liability as a percentage of covered payroll	7.9%	7.0%	7.6%	9.0%

Notes:

There are no assets accumulated in a trust and therefore no fiduciary net position is reported.

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
WEST DIVISION RETIREE INSURANCE PLAN**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 264,399	\$ 268,824	\$ 334,146	\$ 289,842
Interest	430,077	479,956	450,875	487,210
Differences between expected and actual experience	(315,995)	500,452	(150,559)	62,153
Changes of assumptions	2,748,838	(704,445)	(1,244,745)	766,909
Benefit payment, including refunds of employee contributions	(595,498)	(480,142)	(464,489)	(476,025)
Net change in total OPEB liability	<u>2,531,821</u>	<u>64,645</u>	<u>(1,074,772)</u>	<u>1,130,089</u>
Total OPEB liability - beginning	<u>13,490,312</u>	<u>13,425,667</u>	<u>14,500,439</u>	<u>13,370,350</u>
Total OPEB liability - ending	<u>\$ 16,022,133</u>	<u>\$ 13,490,312</u>	<u>\$ 13,425,667</u>	<u>\$ 14,500,439</u>
Covered payroll	\$ 17,206,897	\$ 16,503,427	\$ 16,652,222	\$ 14,101,334
Total OPEB liability as a percentage of covered payroll	93.1%	81.7%	80.6%	102.8%

Notes:

There are no assets accumulated in a trust and therefore no fiduciary net position is reported.

This schedule is intended to show ten years of information. Additional years will be included as they become available.

See Independent Auditors' Report

**THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION BY FUND
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020**

ASSETS	Suburban Services Fund 2021	Regional ADA Paratransit Services Fund 2021	Total 2021	Unaudited Total 2020
<u>Current Assets</u>				
Cash:				
Cash and Investments	\$ 73,728,351	\$ 12,644,099	\$ 86,372,450	\$ 62,478,835
Restricted Cash	1,208,690	-	1,208,690	1,207,924
Cash and Investments	<u>74,937,041</u>	<u>12,644,099</u>	<u>87,581,140</u>	<u>63,686,759</u>
Accounts Receivable:				
Regional Transportation Authority	76,504,874	-	76,504,874	74,603,018
Interfund Receivable	6,369,277	-	6,369,277	2,003,274
Capital Grant Receivable	2,651,481	-	2,651,481	19,766,340
Federal Operating Assistance Receivable	105,280,997	13,786,075	119,067,072	-
Other	3,724,471	779,611	4,504,082	4,534,114
Total Accounts Receivable	<u>194,531,100</u>	<u>14,565,686</u>	<u>209,096,786</u>	<u>100,906,746</u>
<u>Other Current Assets</u>				
Prepaid Expenses	4,683,241	6,369,102	11,052,343	4,349,389
Inventory-Spare Parts	9,277,769	-	9,277,769	7,991,679
Total Other Current Assets	<u>13,961,010</u>	<u>6,369,102</u>	<u>20,330,112</u>	<u>12,341,068</u>
Total Current Assets	<u>283,429,151</u>	<u>33,578,887</u>	<u>317,008,038</u>	<u>176,934,573</u>
<u>Noncurrent Assets</u>				
Capital Assets not Being Depreciated				
Land	33,133,698	-	33,133,698	33,133,698
Capital Projects in Progress	39,437,712	-	39,437,712	13,970,190
Total Capital Assets not Being Depreciated	<u>72,571,410</u>	<u>-</u>	<u>72,571,410</u>	<u>47,103,888</u>
Capital Assets Being Depreciated, Net				
Equipment	479,692,307	23,714,627	503,406,934	535,639,815
Building and Improvements	250,303,531	-	250,303,531	240,886,343
Less Accumulated Depreciation	<u>(474,161,806)</u>	<u>(22,840,156)</u>	<u>(497,001,962)</u>	<u>(492,590,415)</u>
Total Capital Assets Being Depreciated, Net	<u>255,834,032</u>	<u>874,471</u>	<u>256,708,503</u>	<u>283,935,743</u>
Total Noncurrent Assets	<u>328,405,442</u>	<u>874,471</u>	<u>329,279,913</u>	<u>331,039,631</u>
Total Assets	<u>611,834,593</u>	<u>34,453,358</u>	<u>646,287,951</u>	<u>507,974,204</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow - Pension	37,224,308	2,913,462	40,137,770	16,453,988
Deferred Outflow - OPEB	1,979,163	-	1,979,163	926,563
Total Deferred Outflow of Resources	<u>39,203,471</u>	<u>2,913,462</u>	<u>42,116,933</u>	<u>17,380,551</u>

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION BY FUND (Continued)
DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020

LIABILITIES	Suburban Services Fund 2021	Regional ADA Paratransit Services Fund 2021	Total 2021	Unaudited Total 2020
<u>Current Liabilities</u>				
Accounts Payable:				
Operating	\$ 1,620,721	\$ 494,752	\$ 2,115,473	\$ 6,151,865
Capital	7,838,671	-	7,838,671	8,664,441
Accrued Payroll Expenses	9,003,240	200,508	9,203,748	9,307,085
Other Accrued Expenses	10,622,808	24,435,136	35,057,944	24,987,929
Unearned Revenue	2,696,775	1,247,665	3,944,440	3,162,822
Interfund Payable	-	6,369,277	6,369,277	2,003,274
Bonds Payable - Current	1,200,000	-	1,200,000	1,200,000
Current Portion of Insurance Reserves	9,442,497	92,818	9,535,315	8,744,916
Total Current Liabilities	42,424,712	32,840,156	75,264,868	64,222,332
<u>Noncurrent Liabilities</u>				
Insurance Reserve, Non-Current Portion	23,205,068	-	23,205,068	20,667,220
Net Pension Liability	46,358,488	3,075,195	49,433,683	30,921,432
Total Other Post Employment Benefits (OPEB) Liability	16,359,892	-	16,359,892	13,799,954
Advance From State	12,020,244	-	12,020,244	11,898,449
Bonds Payable, Non-Current	2,400,000	-	2,400,000	3,600,000
Other Liabilities	2,539,993	75,459	2,615,452	2,817,126
Total Noncurrent Liabilities	102,883,685	3,150,654	106,034,339	83,704,181
Total Liabilities	145,308,397	35,990,810	181,299,207	147,926,513
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow - Pension	9,587,894	501,539	10,089,433	5,741,080
Deferred Inflow - OPEB	121,452	-	121,452	1,132,757
Total Deferred Inflow of Resources	9,709,346	501,539	10,210,885	6,873,837
NET POSITION				
Net Investment in Capital Assets	324,805,442	874,471	325,679,913	326,239,631
Restricted for Bond Repayment	1,200,000	-	1,200,000	1,200,000
Unrestricted	170,014,879	-	170,014,879	43,114,774
Total Net Position	\$ 496,020,321	\$ 874,471	\$ 496,894,792	\$ 370,554,405

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PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION BY FUND FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

	Suburban Services Fund 2021	Regional ADA Paratransit Services Fund 2021	Total 2021	Unaudited Total 2020
Operating Revenue				
Pace-owned service revenue	\$ 17,174,522	\$ -	\$ 17,174,522	\$ 15,279,164
CMAQ/JARC Services	149,176	-	149,176	119,354
Fixed route carrier revenue	1,370,826	-	1,370,826	1,362,362
Paratransit revenue	8,851,641	6,754,040	15,605,681	13,698,018
Vanpool revenue	831,782	-	831,782	852,400
CARES Funding - Operating	-	-	-	26,747,483
CRRSSA Funding - Operating	-	-	-	-
Reduced fare reimbursement	1,345,862	-	1,345,862	1,345,862
Advertising revenue	1,984,909	-	1,984,909	1,430,609
Miscellaneous	406,194	-	406,194	983,951
Total Operating Revenue	<u>32,114,912</u>	<u>6,754,040</u>	<u>38,868,952</u>	<u>61,819,203</u>
Operating expenses:				
Pace-owned service expenses	107,506,188	-	107,506,188	96,050,951
CMAQ/JARC expenses	6,309,250	-	6,309,250	7,557,153
Contract Payments:				
Fixed route carriers	5,553,944	-	5,553,944	6,289,498
Paratransit carriers	15,205,594	165,001,416	180,207,010	171,731,612
Vanpool expenses	1,064,009	-	1,064,009	1,109,337
Centralized operations	60,788,966	8,187,621	68,976,587	54,642,221
Administrative expenses	34,269,593	5,468,534	39,738,127	40,203,449
Depreciation	51,339,478	1,854,561	53,194,039	50,632,053
Indirect overhead allocation	(7,609,249)	7,609,249	-	-
Total Operating Expenses	<u>274,427,773</u>	<u>188,121,381</u>	<u>462,549,154</u>	<u>428,216,274</u>
Operating Income (Loss)	<u>(242,312,861)</u>	<u>(181,367,341)</u>	<u>(423,680,202)</u>	<u>(366,397,071)</u>
Non-Operating Revenue (Expenses)				
Retailers' occupation and use tax from RTA (85% Formula)	116,944,510	-	116,944,510	94,238,940
RTA Sales Tax/PTF (PA 95-0708)	23,535,595	-	23,535,595	16,633,310
RTA PTF Funding I	5,149,483	-	5,149,483	4,498,843
RTA PTF Funding II	21,137,470	-	21,137,470	17,314,125
Regional ADA Paratransit Funding	-	157,285,039	157,285,039	133,003,451
Regional ADA Paratransit Reserve Fund	-	-	-	34,856,512
ADA State Funding	-	8,394,804	8,394,804	8,394,800
Suburban Community Mobility Fund (SCMF)	29,897,331	-	29,897,331	23,431,622
South Suburban Job Access Fund	7,500,000	-	7,500,000	7,500,000
CARES Funding - Public Funding	86,009,393	-	86,009,393	-
CRRSSA Funding - Public Funding	21,445,084	13,786,075	35,231,159	-
Innovation, Coordination and Enhancement Fund (ICE)	1,392,224	-	1,392,224	1,692,558
Federal Operating Grants	6,624,863	-	6,624,863	7,410,308
Interfund Asset Allocation	4,666	(4,666)	-	-
Interest on Investments	217,219	46,862	264,081	856,102
Interest Expense	(154,200)	-	(154,200)	(186,600)
Total Non-Operating Revenue (Expenses)	<u>319,703,638</u>	<u>179,508,114</u>	<u>499,211,752</u>	<u>349,643,971</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>77,390,777</u>	<u>(1,859,227)</u>	<u>75,531,550</u>	<u>(16,753,100)</u>
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Grant Reimbursements	50,808,837	-	50,808,837	75,040,399
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>50,808,837</u>	<u>-</u>	<u>50,808,837</u>	<u>75,040,399</u>
Change in Net Position	128,199,614	(1,859,227)	126,340,387	58,287,299
Beginning Net Position	367,820,707	2,733,698	370,554,405	312,267,106
Ending Net Position	<u>\$ 496,020,321</u>	<u>\$ 874,471</u>	<u>\$ 496,894,792</u>	<u>\$ 370,554,405</u>

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
SUBURBAN SERVICES FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Actual	Final Amended Budget	Variance
<u>Operating Revenue</u>			
Pace-Owned Service Revenue	\$ 17,174,522	\$ 20,662,867	\$ (3,488,345)
CMAQ/JARC/ICE Passenger Revenue	149,176	461,862	(312,686)
Fixed Route Carrier Revenue	1,370,826	1,963,894	(593,068)
Paratransit Revenue	8,851,641	10,781,144	(1,929,503)
Vanpool Revenue	831,782	2,194,200	(1,362,418)
CARES Funding - Operating	-	18,344,912	(18,344,912)
Reduced Fare Reimbursement	1,345,862	1,345,862	-
Advertising Revenue	1,984,909	1,160,000	824,909
Miscellaneous/Other Revenue	406,194	828,845	(422,651)
Total Operating Revenue	32,114,912	57,743,586	(25,628,674)
<u>Operating Expenses</u>			
Pace-Owned Service Expenses	107,506,188	111,011,324	3,505,136
CMAQ/JARC/ICE Expenses	6,309,250	6,888,413	579,163
Contract Payments:			
Fixed Route Carriers	5,553,944	6,528,962	975,018
Paratransit Carriers	15,205,594	18,787,261	3,581,667
Vanpool Expenses	1,064,009	1,843,626	779,617
Centralized Operations	60,788,966	66,932,898	6,143,932
Indirect Overhead Allocation	(7,609,249)	(9,431,840)	(1,822,591)
Administrative Expenses	34,269,593	38,125,419	3,855,826
Total Operating Expenses	223,088,295	240,686,063	17,597,768
Operating Income (Loss)	(190,973,383)	(182,942,477)	(8,030,906)
<u>Non-Operating Revenue</u>			
Retailers' occupation and use tax from RTA (85% Formula)	116,944,510	87,978,688	28,965,822
RTA Sales Tax/PTF (PA 95-0708)	23,535,595	12,903,957	10,631,638
RTA PTF Funding I	5,149,483	4,156,778	992,705
RTA PTF Funding II	21,137,470	16,905,020	4,232,450
Suburban Community Mobility Fund (SCMF)	29,897,331	23,115,507	6,781,824
South Suburban Job Access Fund	7,500,000	7,500,000	-
Innovation, Coordination and Enhancement Fund (ICE)	1,392,224	1,210,589	181,635
CARES Funding - Public Funding	86,009,393	23,171,251	62,838,142
CRRSSA Funding - Public Funding	21,445,084	-	21,445,084
Federal Operating Grants - Suburban Services	6,624,863	6,070,179	554,684
Interest on Investments	217,219	84,708	132,511
Interest Expense	(154,200)	(154,200)	-
Total Non-Operating Revenue	319,698,972	182,942,477	136,756,495
Increase (Decrease) in Net Position	\$ 128,725,589	\$ -	\$ 128,725,589
Reconciliation of Budgetary Basis to GAAP Basis:			
Provision for Depreciation	\$ (51,339,478)		
Capital Grant Reimbursements	50,808,837		
Interfund Asset Allocation	4,666		
Increase (Decrease) in Net Position - GAAP Basis	\$ 128,199,614		

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
REGIONAL ADA PARATRANSIT SERVICES FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Actual	Final Amended Budget	Variance
<u>Operating Revenue</u>			
ADA Service Revenue	\$ 6,754,040	\$ 7,615,950	\$ (861,910)
CRRSSA Funding - Operating	-	3,085,170	(3,085,170)
Total Operating Revenue	<u>6,754,040</u>	<u>10,701,120</u>	<u>(3,947,080)</u>
<u>Operating Expenses</u>			
ADA Service Expenses	165,001,416	168,092,320	3,090,904
Centralized Operations	8,187,621	9,776,636	1,589,015
Indirect Overhead Allocation	7,609,249	9,431,840	1,822,591
Administrative Expenses	<u>5,468,534</u>	<u>6,244,993</u>	<u>776,459</u>
Total Operating Expenses	<u>186,266,820</u>	<u>193,545,789</u>	<u>7,278,969</u>
Operating Income (Loss)	<u>(179,512,780)</u>	<u>(182,844,669)</u>	<u>3,331,889</u>
<u>Non-Operating Revenue</u>			
Regional ADA Paratransit Funding from RTA	157,285,039	157,285,039	-
ADA State Funding	8,394,804	8,394,804	-
CRRSSA Funding - Public Funding	13,786,075	16,914,826	(3,128,751)
Interest on Investments	<u>46,862</u>	<u>250,000</u>	<u>(203,138)</u>
Total Non-Operating Revenue	<u>179,512,780</u>	<u>182,844,669</u>	<u>(3,331,889)</u>
Increase (Decrease) in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Budgetary Basis to GAAP Basis:			
Provision for Depreciation	\$ (1,854,561)		
Interfund Asset Allocation	<u>(4,666)</u>		
Increase (Decrease) in Net Position - GAAP Basis	<u>\$ (1,859,227)</u>		

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
SUBURBAN SERVICES FUND
SCHEDULE OF FAREBOX RECOVERY RATIO
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE	
Pace-Owned Service Revenue	\$ 17,174,522
CMAQ/JARC Passenger Revenue	149,176
Fixed Route Carrier Revenue	1,370,826
Paratransit Revenue	8,851,641
Van Pool Revenue	831,782
CARES funding - Operating	-
Reduced Fare Reimbursement	1,345,862
Advertising Revenue	1,984,909
Interest on Investments	217,219
Miscellaneous	406,194
¹ Senior's Ride Free	1,337,817
² Not-For-Profit Service Providers Revenue	7,178,067
Total System Generated Revenue	\$ 40,848,015
OPERATING EXPENSES	
Pace-Owned Service Expenses	\$ 107,506,188
CMAQ/JARC Expenses	6,309,250
Contract Payments:	
Fixed Route Carriers	5,553,944
Paratransit Carriers	15,205,594
Van Pool Expenses	1,064,009
Centralized Operations	60,788,966
Administrative Expenses	34,269,593
Indirect Overhead Allocation	(7,609,249)
Interest Expense	154,200
² Not-For-Profit Service Providers Expense	7,178,067
³ Pension Expense in Excess of Actual Contributions	(3,293,326)
⁴ Innovation, Coordination and Enhancement (ICE) Expense Credit	(1,776,969)
⁵ South Cook Job Access Expense Credit	(7,500,000)
⁶ Bus Rapid Transit Expense Credit	(12,462,594)
Interest Expense Credit	(154,200)
Total Operating Expenses	\$ 205,233,473
FAREBOX RECOVERY RATIO	19.9%

¹ Legislation was created in 2011 for the Seniors Circuit Ride Free program and the Seniors Reduced Fare program. Due to the revenue lost from these free and reduced fare rides, the RTA has allowed Pace to reflect the uncollected fares in its recovery ratio calculation.

² Pace has a relationship with entities involved in the Advantage Program in which Pace leases a vehicle to that entity in order to provide public transportation. Revenues and expenses incurred by such entities can be included in the recovery ratio calculation.

³ It is the opinion of the RTA that pension expense in excess of actual contributions can be excluded from Operating Expenses for recovery ratio calculation purposes.

⁴ The 2021 approved Budget Ordinance for the Service Boards allows expenditures of amounts for Innovation, Coordination and Enhancement (ICE) for operating purposes to be exempted from the recovery ratio calculation.

⁵ The 2021 approved Budget Ordinance for the Service Boards allows for recovery ratio exclusions for South Cook Job Access funded services.

⁶ The 2021 approved Budget Ordinance for the Service Boards allows for recovery ratio exclusions for the expense of operating bus rapid transit service.

Note: An emergency ruling was put in place in 2021 that amended the RTA Act to acknowledge that the system wide recovery ratio for 2021 maybe be less than the required 50% due to the fiscal impacts of the COVID-19 pandemic.

PACE
THE SUBURBAN BUS DIVISION
OF THE REGIONAL TRANSPORTATION AUTHORITY
REGIONAL ADA PARATRANSIT SERVICES FUND
SCHEDULE OF FAREBOX RECOVERY RATIO
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE	
ADA Services Revenue	\$ 6,754,040
Interest on Investments	46,862
Miscellaneous	-
Total System Generated Revenue	\$ 6,800,902
OPERATING EXPENSES	
ADA Services Expenses	\$ 165,001,416
Centralized Operations	8,187,621
Administrative Expenses	5,468,534
Indirect Overhead Allocation	7,609,249
¹ Capital Cost of Contracting	(66,232,818)
² Single Ride Credit	(55,886,110)
Total Operating Expenses	\$ 64,147,892
FAREBOX RECOVERY RATIO	10.6%

¹ Under a 2008 change in legislation, the ADA Paratransit recovery ratio calculation now includes an expense credit for costs incurred by ADA Paratransit contractors for their capital expenses. For 2021, a credit of \$66,232,818 in Capital Cost of Contracting funding is included in the recovery ratio calculation.

² The RTA Act allows costs for passenger security to be exempted from recovery ratio calculations. It is the opinion of RTA that the cost impact of providing single rides during the Covid-19 pandemic can be excluded from Operating Expenses as a passenger security expense.

Note: An emergency ruling was put in place in 2021 that amended the RTA Act to acknowledge that the system wide recovery ratio for 2021 maybe be less than the required 50% due to the fiscal impacts of the COVID-19 pandemic.

**THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF FIXED ROUTE CARRIER FINANCIAL
RESULTS - PUBLIC FUNDED CARRIERS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Direct Expense</u>	<u>Total Centralized Expense</u>	<u>PACE Funding</u>	<u>Net Passenger Revenue</u>	<u>Public Funding</u>
City of Highland Park	\$ 1,128,598	\$ 77,018	\$ 1,205,616	\$ 254,314	\$ 951,302
Village of Niles	1,408,006	86,037	1,494,043	505,271	988,772
Village of Schaumburg	225,738	16,411	242,149	119,166	122,983
	<u>2,762,342</u>	<u>179,466</u>	<u>2,941,808</u>	<u>878,751</u>	<u>2,063,057</u>
TOTAL	<u>\$ 2,762,342</u>	<u>\$ 179,466</u>	<u>\$ 2,941,808</u>	<u>\$ 878,751</u>	<u>\$ 2,063,057</u>

**PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF FIXED ROUTE CARRIER
FINANCIAL RESULTS - PRIVATE CONTRACT CARRIERS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Regular Fixed Route</u>	Operating <u>Expenses</u>	Passenger <u>Revenue</u>	Net <u>Expenses</u>
First Transit	\$ 549,461	\$ 15,180	\$ 534,281
MV Transportation	<u>2,242,141</u>	<u>476,895</u>	<u>1,765,246</u>
TOTALS	<u>\$ 2,791,602</u>	<u>\$ 492,075</u>	<u>\$ 2,299,527</u>

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF
PARATRANSIT MUNICIPAL - CARRIER EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>CARRIER</u>	<u>TOTAL</u> <u>REVENUE</u>	<u>TOTAL</u> <u>EXPENSE</u>	<u>OPERATING</u> <u>DEFICIT</u>	<u>PACE</u> <u>ASSISTANCE</u>	<u>NON-PACE</u> <u>ASSISTANCE</u>
Bloom	\$ 14,125	\$ 399,657	\$ 385,532	\$ 33,264	\$ 352,268
Crestwood	4,264	130,357	126,093	10,680	115,413
Forest Park	9,752	163,346	153,594	30,342	123,252
Lemont	2,268	71,576	69,308	6,141	63,167
Lyons	9,857	292,680	282,823	23,946	258,877
Norridge	2,043	51,898	49,855	4,818	45,037
Palatine	15,734	207,016	191,282	19,500	171,782
Palos Hills	3,807	48,574	44,767	6,639	38,128
Park Forest	8,630	76,904	68,274	17,274	51,000
Rich Township	27,201	401,548	374,347	28,383	345,964
Schaumburg	67,019	1,082,493	1,015,474	128,970	886,504
Vernon Township	1,550	108,376	106,826	3,924	102,902
Total	\$ 166,250	\$ 3,034,425	\$ 2,868,175	\$ 313,881	\$ 2,554,294

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF PARATRANSIT CARRIER FINANCIAL
RESULTS - PRIVATE CONTRACT CARRIERS - NON -ADA SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Project</u>	<u>Contract Expense</u>	<u>Passenger Revenue</u>	<u>Non - Pace Assistance</u>	<u>Net Contract Cost</u>
Bloomington Township	\$ 151,546	\$ 10,119	\$ 47,048	\$ 94,379
Call Centers	829,911	-	-	829,911
Call in Rides	1,980,019	45,256	-	1,934,763
Central Lake	4,270	486	1,153	2,631
Central Will	469,619	24,133	119,100	326,386
Community Service Transit	29,451	99,750	-	(70,299)
Downers Grove	67,125	8,613	19,459	39,053
DuPage County	1,144	2,525	-	(1,381)
DuPage Township	75,617	2,787	19,824	53,006
Elk Grove	323,987	7,940	167,495	148,552
Leyden Township	182,620	8,268	104,496	69,856
McHenry County	113,179	3,397	23,824	85,958
Milton Township	201,154	36,136	8,808	156,210
Naperville/Lisle	600,017	100,377	383,159	116,481
Northeast Lake	205,165	8,474	29,279	167,412
Northeast Lake-Zion	43,135	2,840	9,766	30,529
Northwest Kane - Hampshire	14,984	400	3,378	11,206
Northwest Lake	39,338	4,721	-	34,617
Northwest Lake Demo	200,129	21,604	154,644	23,881
North Suburban Cook - Trip	275,225	25,610	-	249,615
Ride DuPage	1,392,412	151,338	913,483	327,591
Ride In Kane	2,233,705	265,214	1,467,387	501,104
Ride Lake	78,691	8,202	74,486	(3,997)
Ride McHenry	2,251,122	180,064	1,205,763	865,295
Shields Township	32,059	3,049	9,428	19,582
South Cook	14,214	-	-	14,214
Southwest Lake-Wauconda	4,998	-	-	4,998
Southwest Will	11,754	722	3,161	7,871
Wayne Township	22,345	1,277	6,682	14,386
West Cook	134,990	-	136,693	(1,703)
Will County	187,244	16,384	182,894	(12,034)
Total	<u>\$ 12,171,169</u>	<u>\$ 1,039,686</u>	<u>\$ 5,091,410</u>	<u>\$ 6,040,073</u>

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**PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
COMBINING SCHEDULE OF PARATRANSIT CARRIER FINANCIAL
RESULTS - PRIVATE CONTRACT CARRIERS - ADA SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Project</u>	<u>ADA SERVICES</u>		
	<u>Contract Expense</u>	<u>Passenger Revenue</u>	<u>Net Contract Cost</u>
South Cook	\$ 9,052,228	\$ 659,597	8,392,631
North Suburban Cook	6,312,588	401,685	5,910,903
West Cook (Suburban)	2,688,236	201,424	2,486,812
North Lake	1,032,054	87,373	944,681
Kane County	499,044	38,578	460,466
Southwest/Central Will	599,541	40,665	558,876
DuPage County	1,611,729	129,349	1,482,380
Chicago ADA	143,205,996	5,195,369	138,010,627
Total	\$ 165,001,416	\$ 6,754,040	\$ 158,247,376

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
DESIGNATED UNRESTRICTED NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

UNRESTRICTED NET POSITION (AVAILABLE PBV)

Unrestricted Net Position at 12/31/2020	\$	43,114,774
Suburban Services Surplus (Deficit)		128,725,589
ADA Surplus		-
Pace Capital Grants		(625,484)
Change in Capital Related Borrowings		<u>(1,200,000)</u>
Unrestricted Net Position at 12/31/2021	<u>\$</u>	<u>170,014,879</u>

UNRESTRICTED NET POSITION DESIGNATED FOR USE

Designated for Future Losses:		
2022 Projected Operating Loss	-	
2023 Projected Operating Loss	3,756,161	
2024 Projected Operating Loss	46,696,338	
2025 Projected Operating Loss	-	
2026 Projected Operating Loss	<u>-</u>	50,452,499
Pace Capital PBV Projects:		
Current Designated Projects (see schedule)	9,919,971	
Future Electric Bus Project	20,475,413	
Future Capital PBV Projects (including future electric bus purchases)	<u>80,566,996</u>	<u>110,962,380</u>
Total PBV Designated for Future Use	<u>\$</u>	<u>161,414,879</u>
REMAINING UNDESIGNATED UNRESTRICTED NET POSITION	<u>\$</u>	<u>8,600,000</u>

PACE
THE SUBURBAN BUS DIVISION OF THE
REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PROJECTS FUNDED/TO BE FUNDED
FROM UNRESTRICTED NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

The Unrestricted Net Position detailed in footnote 12 on pages 76 - 77 is comprised of the unexpended portion of the accumulated positive budget variance.

	<u>2021</u>	<u>2020</u>
Group I: Approved and Completed	<u>\$30,247,995</u>	<u>\$24,787,085</u>
Group II: Approved and in Progress		
Computer Equipment - Multiple projects	\$ 128,307	\$ 109,907
Facilities Environmental Cleanup	511,337	511,337
Barrington Rd (1-90) BRT Ramp/underpass	2,500,000	2,500,000
Barrington Rd (1-90) Pedestrian Bridge - Engineering	-	654,000
Barrington Rd (1-90) Pedestrian Bridge	8,400,000	8,400,000
Plainfield Park and Ride Lot - Engineering	1,000,000	1,000,000
Plainfield Park and Ride Lot - Construction	4,800,000	4,800,000
Orland Square Mall Passenger Facility	600,000	600,000
I-90 Corridor Infrastructure	954,895	954,895
Milwaukee Ave Infrastructure	800,000	800,000
Facilities Site/Environment Review	350,119	350,119
Bus Shelters/Pads	986,268	986,268
Bus Stop Shelters/Signs	999,999	999,999
Bus Stop Infrastructure Improvements	1,246,894	1,246,894
Sales proceeds designated for Capital Projects	2,730,727	2,504,548
A/E for Capital Projects	4,513,438	4,513,438
Oracle Refresh	-	4,511,108
Land Easement	350,000	350,000
Transit Asset Management Plan - Consulting	745,345	745,345
Northshore Division Improvements	-	135,802
South Div CNG Construction/General Contingency	1,986,513	1,986,513
Improvements to Garages	291,642	291,642
Real Time Next Bus Stop Signs	-	160,000
Unanticipated Capital - Multiple Years	445,599	445,599
Totals Approved and in Progress	<u>34,341,083</u>	<u>39,557,414</u>
Group III: Approved But Not Yet Started		
A/E for Capital Projects	1,273,770	1,273,770
River Land Acquisition	630,000	630,000
NWTC - Mid life Improvements	854,526	872,926
Unanticipated Capital - Multiple Years	750,000	750,000
Totals Approved But Not Yet Started	<u>3,508,296</u>	<u>3,526,696</u>
Total Commitments	68,097,374	67,871,195
Previously Recognized Expenditures	<u>(58,177,403)</u>	<u>(57,608,430)</u>
Net Commitments	<u>\$ 9,919,971</u>	<u>\$10,262,765</u>