

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

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2022**



**Pace**  
**The Suburban Bus Division**  
**of the Regional Transportation Authority**  
**2022 Annual Financial Report**  
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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, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Pace as of December 31, 2022, 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 (*Government Auditing Standards*). 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 the 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.

#### ***Emphasis of Matter***

As discussed in Note 2, Pace adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinion is not modified with respect to this matter.

#### ***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 raise substantial doubt about 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 opinion. 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 *Government Auditing Standards* 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 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 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 other supplementary exhibits 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. The other information comprises the 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 2021 financial statements, and we expressed an unmodified audit opinion on the financial statements of Pace in our report dated May 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 24, 2023 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.



Oak Brook, Illinois  
May 24, 2023

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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, 2022**

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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, 2022. 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 \$125.5 million during 2022. Unrestricted net position increased by \$81.7 million in 2022.

**Pace**  
**The Suburban Bus Division of the Regional Transportation Authority**  
**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

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**Financial Highlights**

Pace continued to recover from the impact of the COVID-19 pandemic that was declared in 2020. In 2022, Pace saw an increase in ridership and by October, 2022 daily ridership was at 70% of its pre-pandemic 2019 levels. Additional federal relief funding totaling \$78.2 million was recognized in 2022 to assist with operating costs while the ridership recovery continued.

A summary of significant financial results are below:

- **Net Position increased by \$125.5 million** in 2022. Net Position represents Total Assets and Deferred Outflows of Resources minus Total Liabilities and Deferred Inflows of Resources.
- **Total Operating Revenues for 2022 were \$40.3 million** which represented a 3.7% increase from 2021.
- **Non-Operating Revenues increased \$6.1 million** (or 1.2%) to \$505.3 million in 2022.
- **Total Operating Expenses increased by \$43.1 million** (or 9.3%) to \$505.7 million during 2022.
- **Pace achieved a farebox recovery ratio of 19.6%** for Suburban Services and 9.0% for Regional ADA Paratransit Services in 2022. An emergency ruling was put in place in 2021 that amended the RTA Act to acknowledge that the system wide recovery ratio for 2023 may 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 102 and 103.

**Pace**  
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**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

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## **Ridership**

Pace had ridership increases in all services areas compared to 2021 levels. The highlights are as follows:

### **Highlights:**

- **Pace served 18.1 million passengers** in 2022 which reflected a 10.8% increase over the 2021 ridership total of 16.4 million. The 2022 ridership reflected a 44.7% decrease over the 2019 ridership totals of 32.8 million.
- **Ridership on Pace Fixed Route Service increased 9.3%** to 13.5 million in 2022. A number of feeder and shuttle routes that were eliminated in 2020 were reinstated in late 2021 so Pace had a full year of ridership on these reinstated routes in 2022.
- **ADA Paratransit ridership increased 13.9%** to 3.6 million for Chicago and Suburban ADA service versus 2021 ridership of 3.1 million. Pace implemented new programs to help supplement the service. Partnerships with Uber and Uzurv were established in 2022 providing eligible riders who are certified to use the ADA service with another option for their rides. Uber serves the DuPage area while Uzurv serves the whole region.
- **Vanpool ridership increased 31.7% in 2022** to 538,374. In 2022, a Pace introduced a new part-time Vanpool fare to accommodate riders that work a hybrid schedule or reduced work week. The fare is available to riders who work three days or less.
- **Pace also introduced a new Vango program** in 2022. The initiative offers commuters a first/last mile option by making vans available at Metra stations. The program is currently available at the Lake Cook Road and Lake Forest Metra stations and Pace is looking to expand the locations in 2023. Qualified participants can use the van to travel to worksites within a certain geographic zone.
- **Pace opened the new Joliet Transit Center** to the public in 2022. The new transit center offers convenient boarding and transfer locations, easier access to transit information and waiting areas to protect passengers. The facility was constructed in collaboration with the City of Joliet and centralizes boarding locations for safer and more streamlined connections to Metra and Amtrak services.

**Pace**  
**The Suburban Bus Division of the Regional Transportation Authority**  
**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

**The Agency as a Whole**

	<u>2022</u>	<u>2021*</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets	\$ 433,066,703	\$ 310,638,761	\$ 122,427,942
Capital Assets	372,459,387	329,279,913	43,179,474
Total Assets	<u>805,526,090</u>	<u>639,918,674</u>	<u>165,607,416</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pension	30,756,825	40,137,770	(9,380,945)
Deferred Outflows - OPEB	2,838,322	1,979,163	859,159
Total Deferred Outflows of Resources	<u>33,595,147</u>	<u>42,116,933</u>	<u>(8,521,786)</u>
<b>LIABILITIES</b>			
Current Liabilities	100,177,545	68,895,591	31,281,954
Noncurrent Liabilities	97,992,221	106,034,339	(8,042,118)
Total Liabilities	<u>198,169,766</u>	<u>174,929,930</u>	<u>23,239,836</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pension	16,800,381	10,089,433	6,710,948
Deferred Inflows - OPEB	1,762,170	121,452	1,640,718
Total Deferred Inflows of Resources	<u>18,562,551</u>	<u>10,210,885</u>	<u>8,351,666</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	369,463,563	325,679,913	43,783,650
Restricted for Bond Repayment	1,200,000	1,200,000	-
Unrestricted	251,725,357	170,014,879	81,710,478
<b>Total Net Position</b>	<u>\$ 622,388,920</u>	<u>\$ 496,894,792</u>	<u>\$ 125,494,128</u>

\*The prior year information was not updated for implementation of GASB Statement No. 87 Leases.

Net Position at December 31, 2022 increased to \$622.4 million from \$496.9 million due to a \$81.7 million increase in Unrestricted Net Position and a \$43.8 million increase in Net Investment in Capital Assets. The increase in Net Investment in Capital Assets is comprised of \$85.6 million in capital grants reimbursements, \$7.4 million in Buildings Right to Use Assets, \$2.9 million in Pace funded capital projects and \$1.2 million in bond payments offset by \$.6 million in lease liability and \$52.7 million in depreciation and amortization. Restricted Net Position represents one year of bonds payable that is legally restricted. Information regarding Net Position can be found on page 83 of the notes to the financial statements.

**Pace**  
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**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

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**The Agency as a Whole (Continued)**

Total Assets increased \$ 165.6 million in 2022 to \$805.5 million. The \$122.4 million increase in Current Assets is attributed to a \$154.3 million increase in cash, \$9.8 million increase in receivables from the RTA, and a \$2.3 million increase in parts inventory offset by a \$38.5 million decrease in receivables for capital grants, a \$5.0 million decrease in prepaid expenses and a \$.5 million decrease in other federal operating assistance. Capital Assets increased \$43.2 million in 2022 due to a \$61.4 million increase in buildings and improvements, a \$22.7 million increase in equipment, a \$7.4 million increase in building right to use lease assets, and a \$1.0 million increase in land offset by a \$11.3 million decrease in capital projects in progress and a \$38.0 million increase in accumulated depreciation. Information regarding capital asset activity can be found on page 10.

Deferred outflows of resources decreased \$8.5 million in 2022. The decrease consisted of a \$.9 million increase in deferred outflows for OPEB offset by a \$9.4 million decrease in deferred outflows for pension.

Current Liabilities increased \$31.3 million in 2022. The increase is comprised of a \$25.2 million increase in other accrued expenses, a \$1.6 million increase in unearned revenue, a \$2.9 million increase in accounts payable, a \$.7 million increase in capital accounts payable a \$.9 million increase in accrued payroll expenses, and a \$.2 million increase in the current portion of lease liabilities offset by a \$.2 million decrease in the current portion of insurance reserves.

Noncurrent Liabilities decreased \$8.0 million as of the end of 2022. The decrease was due to a \$2.4 million increase in other post employment benefits and a \$1.3 million increase in advance from state, a \$1.0 million increase in the non-current portion of insurance reserves, a \$.5 million increase in the non-current portion of lease liabilities, and a \$.3 million increase in other liabilities offset by a \$12.3 million decrease in net pension liability, and a \$1.2 million decrease in the non-current portion of bonds payable.

Deferred inflows of resources increased \$8.4 million in 2022. The increase is comprised of a \$6.7 million increase in deferred inflows for pension and a \$1.7 million increase 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 45 of the notes to the financial statements and pages 87 - 95 in the Required Supplementary Information section.

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**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

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**Capital Assets**

Pace received \$85.6 million in capital grant reimbursements in 2022 including:

- \$38.8 million from the Federal Transit Administration (FTA),
- \$46.7 million from the Regional Transportation Authority (RTA)
- \$.1 million from the Illinois Department of Transportation (IDOT)

In addition, Pace used \$2.9 million for capital projects from its positive budget variance account.

These capital grant reimbursements were primarily used for:

- \$50.6 million in building and improvements,
- \$12.4 million in fixed route vehicles
- \$8.7 million in paratransit vehicles
- \$2.7 million in bus equipment,
- \$2.3 million in bus shelters,
- \$1.9 million in architecture and engineering,
- \$1.3 million in vanpool vehicles,
- \$1.3 million in transit signal priority equipment,
- \$1.3 million in consulting services,
- \$1.2 million in computer equipment and software,
- \$1.0 million in land,
- \$.8 million in trapeze equipment, and
- \$.1 million in project administration.

Pace purchased 22 fixed route vehicles totaling \$12.4 million, 106 paratransit vehicles totaling \$8.7 million, and 35 vanpool vehicles totaling \$1.3 million.

Information regarding capital asset activity for 2022 can be found in the notes to the financial statements on page 35 and page 39 as well as in Schedule 7 on page 109. 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 83 and 84.



**Pace**  
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**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

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**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.

In 2022, Pace implemented Governmental Accounting Standards Board Statement No. 87 "Leases". This Statement requires that certain leases previously accounted for as operating leases be recognized as a right to use lease asset and associated lease liability. At January 1, 2022, there was \$683,143 in lease liability and \$87,319 in principal payments were made during 2022.

Details regarding long term debt can be found on pages 42 - 44 of the notes to the financial statements.

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**For the Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
<b><u>Operating Revenue</u></b>				
Pace-Owned Service Revenue	\$ 18,467,001	\$ 17,174,522	\$ 1,292,479	7.5%
CMAQ/JARC Services	188,525	149,176	39,349	26.4%
Fixed Route Carrier Revenue	1,689,956	1,370,826	319,130	23.3%
Paratransit Revenue	15,469,471	15,605,681	(136,210)	-0.9%
Vanpool Revenue	924,566	831,782	92,784	11.2%
Reduced Fare Reimbursement	1,345,862	1,345,862	-	0.0%
Advertising Revenue	732,895	1,984,909	(1,252,014)	-63.1%
Miscellaneous	1,487,195	406,194	1,081,001	266.1%
Total Operating Revenue	<u>40,305,471</u>	<u>38,868,952</u>	<u>1,436,519</u>	<u>3.7%</u>
<b><u>Operating Expenses:</u></b>				
Pace-Owned Service Expenses	113,570,555	107,506,188	6,064,367	5.6%
CMAQ/JARC Expenses	5,497,024	6,309,250	(812,226)	-12.9%
Contract Payments:				
Fixed Route Carriers	6,194,332	5,553,944	640,388	11.5%
Paratransit Carriers	202,214,914	180,207,010	22,007,904	12.2%
Vanpool Expenses	1,287,966	1,064,009	223,957	21.0%
Centralized Operations	76,668,504	68,976,587	7,691,917	11.2%
Administrative Expenses	47,535,341	39,738,127	7,797,214	19.6%
Depreciation	52,708,243	53,194,039	(485,796)	-0.9%
Total Operating Expenses	<u>505,676,879</u>	<u>462,549,154</u>	<u>43,127,725</u>	<u>9.3%</u>
Operating Income (Loss)	<u>(465,371,408)</u>	<u>(423,680,202)</u>	<u>(41,691,206)</u>	<u>9.8%</u>
<b><u>Non-Operating Revenue (Expenses)</u></b>				
Retailers occupation & use tax from RTA (85% Formula)	123,182,482	116,944,510	6,237,972	5.3%
RTA Sales Tax/PTF (PA 95-0708)	19,797,410	23,535,595	(3,738,185)	-15.9%
RTA PTF Funding I	11,249,705	5,149,483	6,100,222	118.5%
RTA PTF Funding II	24,271,518	21,137,470	3,134,048	14.8%
Regional ADA Paratransit Funding	188,450,192	157,285,039	31,165,153	19.8%
Suburban Community Mobility Fund (SCMF)	31,948,290	29,897,331	2,050,959	6.9%
South Suburban Job Access Fund	7,500,000	7,500,000	-	0.0%
ADA State Funding	8,394,802	8,394,804	(2)	0.0%
CARES Funding - Public Fundings	741,648	86,009,393	(85,267,745)	-99.1%
CRRSSA Funding - Public Fundings	6,213,925	35,231,159	(29,017,234)	-82.4%
ARPA Funding - Public Fundings	71,263,074	-	71,263,074	100.0%
Innovation Coordination and Enhancement Fund (ICE)	-	1,392,224	(1,392,224)	-100.0%
Federal Operating Grants	8,773,520	6,624,863	2,148,657	32.4%
Interest on Investments	3,632,582	264,081	3,368,501	1275.6%
Interest Expense	(137,879)	(154,200)	16,321	-10.6%
Total Non-Operating Revenue (Expenses)	<u>505,281,269</u>	<u>499,211,752</u>	<u>6,069,517</u>	<u>1.2%</u>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>39,909,861</u>	<u>75,531,550</u>	<u>(35,621,689)</u>	<u>-47.2%</u>
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Grant Reimbursements	<u>85,584,267</u>	<u>50,808,837</u>	<u>34,775,430</u>	<u>68.4%</u>
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>85,584,267</u>	<u>50,808,837</u>	<u>34,775,430</u>	<u>68.4%</u>
Change in Net Position	125,494,128	126,340,387	(846,259)	-0.7%
Beginning Net Position	496,894,792	370,554,405	126,340,387	34.1%
Ending Net Position	<u>\$ 622,388,920</u>	<u>\$ 496,894,792</u>	<u>\$ 125,494,128</u>	<u>25.3%</u>

**Pace**  
**The Suburban Bus Division of the Regional Transportation Authority**  
**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

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**Comparison of Results: FY2022 vs. FY2021**

**Operating Revenue**

Total Operating Revenue increased 3.7% or \$1.4 million in 2022. Significant changes in operating revenue are noted as follows:

- **Pace-Owned Service Revenue** – There was a \$1.3 million increase in Pace-Owned Service Revenue which is primarily due to the increase in ridership.
- **Advertising Revenue** – The \$1.2 million decrease is due to a reduction in revenue earned on the existing advertising contract.
- **Miscellaneous Income** – The \$1.1 million increase is due to an increase in grant funded service studies as well as the reinstatement of RTA certification for the Suburban and ADA service areas.

**Operating Expenses**

Total Operating Expenses increased by \$43.1 million (or 9.3%) in 2022 which is comprised primarily of the following changes:

- **Pace-Owned Service Expense** – The \$6.1 million increase in expense is primarily due to increases in salaries and fringe benefits, pension and OPEB costs, bus parts and utilities expenses.
- **CMAQ/JARC Expense** – The \$.8 million decrease is due to less funding for the service on some of the routes.
- **Fixed Route Carrier Expense** – The \$.6 million increase is primarily due to an increase in ridership and the reinstatement of the Ravinia service.
- **Paratransit Carrier Expense** – The \$22.0 million increase is due to increased ridership as well as to higher hourly rates charged by the contractors. Pace also provided one-time subsidies to the counties and municipalities that provide ADA and Dial-A-Ride service which also contributed to the increase.
- **Centralized Operations** – The \$7.7 million increase is primarily attributed to higher salaries and fringe benefits, pension and OPEB costs, advertising, fuel and CNG fuel expenses offset by a decrease in health insurance and liability claims expenses.
- **Administrative Expense** – The \$7.8 million increase is mainly due to increases in salaries and fringe benefits, pension and OPEB costs and consulting and utilities expenses.

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**Non-Operating Revenue (Expenses)**

Non-Operating Revenue (Expenses) increased \$6.1 million or 1.2% to \$505.3 million in 2022. Specific factors contributing to the increase are outlined below:

- **Operating Assistance from the RTA** – RTA Sales Tax under the 85% Formula increased \$6.2 million or 5.3% in 2022.
- **RTA Sales Tax/PTF (PA 95-0708)** –RTA Sales Tax/PTF funding decreased \$3.7 million or 15.9% in 2022.
- **RTA PTF Funding** – RTA PTF Funding increased \$6.1 million or 118.5% in 2022.
- **RTA PTF II Funding** - RTA PTF Funding II increased \$3.1 million or 14.8%.
- **Regional ADA Paratransit Fund** – Funding from the Regional ADA Paratransit Fund increased \$31.2 million in 2022.
- **Suburban Community Mobility Fund (SCMF)** –SCMF funding increased \$2.1 million or 6.9% in 2022.
- **South Suburban Job Access Fund** – Pace received \$7.5 million in funding from the RTA for services in South Suburban Cook County in 2022.
- **CARES Funding** – Pace recognized \$.7 million in CARES Funding for ADA Service.
- **CRRSAA Funding** – There was \$6.2 million in CRRSAA Funding for ADA Services recognized in 2022.
- **ARPA Funding** – There was \$71.3 million in ARPA Funding for Suburban Services recognized in 2022.

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**Non-Operating Revenue (Expenses) Continued**

- **ADA State Funding** – Pace received \$8.4 million in ADA State Funding in 2022.
- **Innovation, Coordination and Enhancement Fund (ICE)** – There was no ICE funding provided in 2022.
- **Federal Operating Grants** – Funding for federal operating grants increased by \$2.1 million or 32.4% in 2022.
- **Interest on Investments** – Interest earned on investments increased \$3.4 million in 2022.

**Other Revenues, Expenses, Gains, Losses and Transfers**

- **Capital Grant Reimbursements** – The \$34.8 million increase is due to funding for multiple construction projects.

**Pace**  
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**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 \$123.2 million in RTA Sales Tax in 2022 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 2022, the RTA provided \$188.5 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 2022, the RTA provided \$31.9 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 2022, Pace received no 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 2022, Pace received \$55.3 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 2022, 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.

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The allocation of the funds established for 2022 and 2021 is as follows:

**RTA OPERATING FUNDING (000's)**

<b>Suburban Services Fund</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
RTA Sales Tax (85% Formula)	\$ 123,182	\$ 116,944
RTA Sales Tax/PTF (PA-95-0708)	19,797	23,536
RTA PTF Funding I	11,250	5,149
RTA PTF Funding II	24,272	21,137
Suburban Community Mobility Fund	31,948	29,897
South Suburban Job Access Fund	7,500	7,500
Innovation, Coordination, & Enhancement Fund	-	1,392
<b>Total Suburban Services Funding</b>	<b><u>\$ 217,949</u></b>	<b><u>\$ 205,555</u></b>
<b>Regional ADA Paratransit Fund:</b>		
RTA Paratransit Fund and Reserve Fund	<u>188,450</u>	<u>157,285</u>
<b>Total RTA Funding</b>	<b><u><u>\$ 406,399</u></u></b>	<b><u><u>\$ 362,840</u></u></b>

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**Pace**  
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**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended December 31, 2022**

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**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, 2022**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash:		
Cash and Investments	\$ 240,656,095	\$ 86,372,450
Restricted Cash	1,210,029	1,208,690
Total Cash	<u>241,866,124</u>	<u>87,581,140</u>
Accounts Receivable:		
Regional Transportation Authority	86,337,147	76,504,874
Capital Grant Projects	83,258,532	121,718,553
Other	3,981,374	4,504,082
Total Accounts Receivable	<u>173,577,053</u>	<u>202,727,509</u>
<u>Other Current Assets</u>		
Prepaid Expenses	6,014,447	11,052,343
Inventory - Spare Parts	11,609,079	9,277,769
Total Other Current Assets	<u>17,623,526</u>	<u>20,330,112</u>
Total Current Assets	<u>433,066,703</u>	<u>310,638,761</u>
<u>Noncurrent Assets</u>		
Capital Assets not Being Depreciated/Amortized		
Land	34,108,698	33,133,698
Capital Projects in Progress	28,179,842	39,437,712
Total Capital Assets not Being Depreciated/Amortized	<u>62,288,540</u>	<u>72,571,410</u>
Capital Assets Being Depreciated/Amortized, Net		
Equipment	526,152,652	503,406,934
Buildings and Improvements	311,691,771	250,303,531
Buildings Right To Use Lease Assets	7,386,738	-
Less Accumulated Depreciation/Amortization	<u>(535,060,314)</u>	<u>(497,001,962)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>310,170,847</u>	<u>256,708,503</u>
Total Noncurrent Assets	<u>372,459,387</u>	<u>329,279,913</u>
Total Assets	<u>805,526,090</u>	<u>639,918,674</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Pension	30,756,825	40,137,770
Deferred Outflows - OPEB	2,838,322	1,979,163
Total Deferred Outflows of Resources	<u>33,595,147</u>	<u>42,116,933</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, 2022**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021**

<b>LIABILITIES</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<u>Current Liabilities</u>		
Accounts Payable:		
Operating	\$ 5,036,186	\$ 2,115,473
Capital	8,523,190	7,838,671
Accrued Payroll Expenses	10,129,316	9,203,748
Other Accrued Expenses	60,234,176	35,057,944
Unearned Revenue	5,570,905	3,944,440
Bonds Payable - Current	1,200,000	1,200,000
Lease Liability - Current	165,468	-
Current Portion of Insurance Reserves	9,318,304	9,535,315
	<hr/>	<hr/>
Total Current Liabilities	100,177,545	68,895,591
	<hr/>	<hr/>
<u>Noncurrent Liabilities</u>		
Insurance Reserve, Non-Current Portion	24,182,238	23,205,068
Net Pension Liability	37,097,755	49,433,683
Total Other Post Employment Benefits (OPEB) Liability	18,761,962	16,359,892
Advance From State	13,344,362	12,020,244
Bonds Payable, Noncurrent	1,200,000	2,400,000
Lease Liability - Noncurrent	430,356	-
Other Liabilities	2,975,548	2,615,452
	<hr/>	<hr/>
Total Noncurrent Liabilities	97,992,221	106,034,339
	<hr/>	<hr/>
Total Liabilities	198,169,766	174,929,930
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows - Pension	16,800,381	10,089,433
Deferred Inflows - OPEB	1,762,170	121,452
	<hr/>	<hr/>
Total Deferred Inflows of Resources	18,562,551	10,210,885
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net Investment in Capital Assets	369,463,563	325,679,913
Restricted for Bond Repayment	1,200,000	1,200,000
Unrestricted	251,725,357	170,014,879
	<hr/>	<hr/>
<b>Total Net Position</b>	<b>\$ 622,388,920</b>	<b>\$ 496,894,792</b>
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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, 2022**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2022</u>	<u>2021</u>
<u>Operating Revenue</u>		
Pace-Owned Service Revenue	\$ 18,467,001	\$ 17,174,522
CMAQ/JARC Services	188,525	149,176
Fixed Route Carrier Revenue	1,689,956	1,370,826
Paratransit Revenue	15,469,471	15,605,681
Vanpool Revenue	924,566	831,782
Reduced Fare Reimbursement	1,345,862	1,345,862
Advertising Revenue	732,895	1,984,909
Miscellaneous	1,487,195	406,194
Total Operating Revenue	<u>40,305,471</u>	<u>38,868,952</u>
<u>Operating Expenses:</u>		
Pace-Owned Service Expenses	113,570,555	107,506,188
CMAQ/JARC Expenses	5,497,024	6,309,250
Contract Payments:		
Fixed Route Carriers	6,194,332	5,553,944
Paratransit Carriers	202,214,914	180,207,010
Vanpool Expenses	1,287,966	1,064,009
Centralized Operations	76,668,504	68,976,587
Administrative Expenses	47,535,341	39,738,127
Depreciation/Amortization	52,708,243	53,194,039
Total Operating Expenses	<u>505,676,879</u>	<u>462,549,154</u>
Operating Income (Loss)	<u>(465,371,408)</u>	<u>(423,680,202)</u>
<u>Non-Operating Revenue (Expenses)</u>		
Retailers' occupation and use tax from RTA (85% Formula)	123,182,482	116,944,510
RTA Sales Tax/PTF (PA 95-0708)	19,797,410	23,535,595
RTA PTF Funding I	11,249,705	5,149,483
RTA PTF Funding II	24,271,518	21,137,470
Regional ADA Paratransit Funding	188,450,192	157,285,039
Suburban Community Mobility Fund (SCMF)	31,948,290	29,897,331
South Suburban Job Access Fund	7,500,000	7,500,000
CARES Funding - Public Funding	741,648	86,009,393
CRRSSA Funding - Public Funding	6,213,925	35,231,159
ARPA Funding - Public Funding	71,263,074	-
ADA State Funding	8,394,802	8,394,804
Innovation, Coordination and Enhancement Fund (ICE)	-	1,392,224
Federal Operating Grants	8,773,520	6,624,863
Interest on Investments	3,632,582	264,081
Interest Expense	(137,879)	(154,200)
Total Non-Operating Revenue (Expenses)	<u>505,281,269</u>	<u>499,211,752</u>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	<u>39,909,861</u>	<u>75,531,550</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Grant Reimbursements	<u>85,584,267</u>	<u>50,808,837</u>
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>85,584,267</u>	<u>50,808,837</u>
Change in Net Position	125,494,128	126,340,387
Beginning Net Position	<u>496,894,792</u>	<u>370,554,405</u>
Ending Net Position	<u>\$ 622,388,920</u>	<u>\$ 496,894,792</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, 2022**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Increase (Decrease) in cash and temporary investments</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Cash flows from operating activities:		
Cash received from fares	\$ 39,613,944	\$ 37,159,744
Cash received from other operating items	7,335,910	2,379,715
Cash payments to and on behalf of employees for services	(158,929,418)	(161,134,339)
Cash payment to contractual service providers and suppliers	<u>(260,001,565)</u>	<u>(246,954,679)</u>
Net cash provided (used) for operating activities	<u>(371,981,129)</u>	<u>(368,549,559)</u>
Cash flows from non-capital financing activities:		
Cash received from R.O.T. and use tax	139,485,502	128,967,954
Cash received from RTA Sales Tax/PTF	35,521,223	26,286,954
Cash received from Suburban Community Mobility Funding	31,551,376	28,169,851
Cash received from South Suburban Job Access	7,500,000	15,000,000
Cash received from Innovation Coordination and Enhancement	-	1,392,224
ADA Regional Paratransit Funding from RTA	196,844,994	181,108,351
Cash received from Federal Funding	127,840,592	8,798,343
Cash Advance on Sales Tax	<u>1,324,118</u>	<u>121,795</u>
Net cash provided by non-capital financing activities	<u>540,067,805</u>	<u>389,845,472</u>
Cash flows from capital and related financing activities:		
Capital contributed from capital grants	72,811,733	56,344,345
Acquisition and construction of capital assets	(88,820,810)	(52,655,759)
Interest on lease liability	(18,479)	
Principal payments on lease liability	(87,319)	
Payment of bond interest	(119,400)	(154,200)
Principal payments on bonds payable	<u>(1,200,000)</u>	<u>(1,200,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(17,434,275)</u>	<u>2,334,386</u>
Cash flows from investing activities:		
Cash received from interest on short-term investments	<u>3,632,583</u>	<u>264,082</u>
Net cash provided by investing activities	<u>3,632,583</u>	<u>264,082</u>
Net increase (decrease) in cash and short-term investments	154,284,984	23,894,381
Cash and short-term investments at beginning of year	<u>87,581,140</u>	<u>63,686,759</u>
Cash and short-term investments at end of year	<u>\$ 241,866,124</u>	<u>\$ 87,581,140</u>

See the accompanying notes to the Financial Statements.

**PACE**  
**THE SUBURBAN BUS DIVISION**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of operating income to net cash used by operating activities:</b>		
Operating Income (Loss)	(\$465,371,408)	(\$423,680,202)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation/Amortization Expense	52,708,243	53,194,039
Change in Prepaid Leases Due to Implementation of GASB 87	(5,580,447)	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	4,965,869	18,642
(Increase) decrease in inventory	(2,331,309)	(1,286,090)
(Increase) decrease in other assets	5,037,894	(6,702,954)
(Increase) decrease in deferred outflows related to pension	9,380,946	(23,683,782)
(Increase) decrease in deferred outflows related to OPEB	(859,159)	(1,052,600)
Increase (decrease) in accounts payable	2,920,712	(4,036,392)
Increase (decrease) in accrued payroll	856,053	(33,821)
Increase (decrease) in self insurance liability	741,882	3,415,593
Increase (decrease) in pension and other post employment obligations	(9,836,931)	21,003,506
Increase (decrease) in noncurrent liabilities	27,034,860	10,957,454
Increase (decrease) in deferred inflows related to pension	6,710,948	4,348,353
Increase (decrease) in deferred inflows related to OPEB	1,640,718	(1,011,305)
Total adjustments	<u>93,390,279</u>	<u>55,130,643</u>
Net cash used by operating activities	<u>(371,981,129)</u>	<u>(368,549,559)</u>
<b>Non-cash Operating, Investing and Financing Activities:</b>		
Purchase of capital assets in accrued expenses at year end	\$ 803,316	\$ 1,221,439

See the accompanying notes to the Financial Statements.

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**PACE  
THE SUBURBAN BUS DIVISION  
OF THE REGIONAL TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**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, 2022  
(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, 2022  
(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. The design for the Wheeling facility purchased in 2018 is still in progress. Construction on the new Plainfield facility was completed in 2022 and all service will now originate from this location. The assets and personnel located at the Heritage facility in Joliet were transferred to Plainfield. Disposition of the Heritage facility is pending.

**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. This GASB Statement was implemented as of January 1, 2022 for reporting period ending December 31, 2022. Information regarding the leases recorded under this statement can be found on pages 43 - 44.

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. This statement did not have a material impact on Pace's financial statements.

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. This statement did not have a material impact on Pace's 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). 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.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Change in Accounting Principles (Continued)**

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 (SBITAs) 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. This statement did not have a material impact on Pace’s financial statements.

In October 2021, GASB issued Statement No. 98 “The Annual Comprehensive Financial Report”. This Statement establishes the term “annual comprehensive financial report” and its acronym “ACFR” and replaces the term “comprehensive annual financial report” and its acronym. This Statement is effective for reporting periods ending after December 15, 2021. This statement did not have a material impact on Pace’s financial statements.

In April 2022, GASB issued Statement No. 99 “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022, and the requirements related to financial guarantees and reporting of derivative instruments are effective for reporting periods beginning after June 15, 2023. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2022, GASB issued Statement No. 100, “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62”. The object of this Statement is to enhance accounting and financial reporting requirements for changes and error corrections to provide more understandable and comparable information for making decisions. It is effective for fiscal years beginning after June 15, 2023. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2022, GASB issued Statement No. 101, “Compensated Absences”. The objective of this Statement is to update recognition and measurement guidance for compensated absences. It is effective for fiscal years beginning after June 15, 2023. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

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**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 96 - 103.

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**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.

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**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, 2022 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.

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**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. A Building Right To Use Lease Asset was established for each of these leases in accordance with GASB 87 Leases.

**k. Property and Equipment and Accumulated Depreciation/Amortization**

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.

Right to Use Lease Assets that were established in fiscal year 2022 as part of the GASB 87 implementation are amortized over the remaining lease term. New leases established in the future will be amortized over the full lease term.



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**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 \$28,179,842 at December 31, 2022 and \$39,437,712 at December 31, 2021. The balance at December 31, 2022 represents the following projects in process: Construction of Dempster Pulse Stations for \$2,436,131; Manufacture and Installation of 29 Vertical Marker Pylons for Dempster Pulse for \$1,184,549; Construction of South Division Campus for \$9,466,553; Running Boards for 16 Vanpool Vans for \$7,403; IBS Brackets for 3 Fixed Route Buses for \$27,645; Rear Destination Signs for 9 Fixed Route Buses for \$25,223; and Video Surveillance System components for 9 Fixed Route Buses for \$103,144. The remaining balance consists of sixteen 18-foot Transit vans totaling \$555,992, twenty-six 19-foot Transit vans totaling \$1,016,648, six 28-foot Coach & Equipment Phoenix Paratransit buses totaling \$410,967, one 40-foot Gillig Electric Bus totaling \$726,507, and twenty-four 30-foot Eldorado buses totaling \$12,219,080. In 2022, Pace had contracts in place with Motor Coach Industries for \$4,628,001 to purchase 40 foot transit buses, Eldorado National (America) for \$35,850,984 to purchase 30-foot transit buses, Roesch Ford for \$868,737 to purchase vans, Coach & Equipment for \$18,404,109 to purchase 15 passenger paratransit buses, Gillig for \$895,716 to purchase a 40 foot electric bus and charger, Eldorado National (America) for \$26,694,976 to purchase 40 foot transit buses, and Proterra for \$26,301,403 to purchase 40 foot electric buses and chargers.

**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 \$2,916,712 for capital projects from its positive budget variance account in 2022.

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 Nov 2022, Pace was notified that they would receive an additional \$.7 million in CARES funding. The \$.7 million was recognized in 2022. 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 2022. Pace recognized \$6.2 million in CRRSAA Funding in 2022. In April 2022, Pace was notified that they would receive \$71.2 million in funding for American Rescue Plan Act (ARPA). The full amount of the ARPA funding was recognized in 2022.

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**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, 2022.

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**NOTE 3 DEPOSITS AND INVESTMENTS**

**a. Cash**

The carrying amount of cash was \$61,629,513 at December 31, 2022, while the bank balances were \$63,738,913. At December 31, 2022, Pace's petty cash fund totaled \$4,939. 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 2022, \$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 \$42,601,960 at December 31, 2022. All Certificates of Deposit were insured by the Federal Deposit Insurance Corporation (FDIC), by a Federal Home Loan Bank (FHLB) line of credit or had pledged collateral held in a third-party institution in the name of Pace.

**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.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are rated AAAM and are valued at Illinois Funds' share price, which is the price for which the investment could be sold. The balance in Illinois Funds was \$137,629,712 as of December 31, 2022.

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**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

**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.

**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 270 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, 2022, 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.

	2022
Amounts Due from RTA:	
Sales Tax and Public Funding	\$63,014,180
Operating and Capital Grants	22,544,614
Regional and ADA Funding	672,658
Other	105,695
Total Due from RTA	\$ 86,337,147

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**NOTE 5 CHANGES IN CAPITAL ASSETS**

<u>Type</u>	<u>1/1/2022 Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>12/31/2022 Balance</u>
Capital Assets not Being Depreciated					
Land	\$ 33,133,698	\$ 975,000	\$ -	\$ -	\$ 34,108,698
Capital Projects in Progress	39,437,712	28,179,842	(39,437,712)	-	28,179,842
Total Capital Assets not Being Depreciated	<u>72,571,410</u>	<u>29,154,842</u>	<u>(39,437,712)</u>	<u>-</u>	<u>62,288,540</u>
Capital Assets Being Depreciated					
Equipment	503,406,934	29,850,471	7,545,138	(14,649,891)	526,152,652
Buildings and Improvements	250,303,531	29,495,666	31,892,574	-	311,691,771
Buildings Right to Use Lease Assets	-	7,386,738	-	-	7,386,738
Total Capital Assets Being Depreciated	<u>753,710,465</u>	<u>66,732,875</u>	<u>39,437,712</u>	<u>(14,649,891)</u>	<u>845,231,161</u>
Accumulated Depreciation					
Equipment	(386,426,405)	(46,551,732)	-	14,649,891	(418,328,246)
Buildings and Improvements	(110,575,557)	(5,033,363)	-	-	(115,608,920)
Buildings Right to Use Lease Assets	-	(1,123,148)	-	-	(1,123,148)
Total Accumulated Depreciation	<u>(497,001,962)</u>	<u>(52,708,243)</u>	<u>-</u>	<u>14,649,891</u>	<u>(535,060,314)</u>
Total Capital Assets Being Depreciated, Net	<u>256,708,503</u>	<u>14,024,632</u>	<u>39,437,712</u>	<u>-</u>	<u>310,170,847</u>
Net Capital Assets	<u>\$329,279,913</u>	<u>\$ 43,179,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,459,387</u>

Note: The addition for the Right to Use Lease Assets is a restatement related to the implementation of GASB Statement No. 87.

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**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 2022. Pace's specific self-insured retentions as of December 31, 2022 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	\$150,000 Each Occurrence

Pace also has assumed the financial risk for its employee health and welfare coverage. The stop loss coverage at December 31, 2022 is as follows:

	<u>Specific Stop Loss</u>	<u>Aggregate Stop Loss</u>
Corporate and all Divisions	<u>\$150,000</u>	<u>\$4,707,518</u>

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**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 \$33,500,542 and \$32,740,383 as of December 31, 2022 and 2021, respectively. Cash is intended to pay for general liability, automobile liability, and workers compensation at a present value of \$31,503,174 and \$29,775,800 for this liability at December 31, 2022 and 2021, respectively.

Changes in the balances of claims liabilities were as follows:

	For the Year Ended December 31,	
	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 32,740,383	\$ 29,412,136
Current year claims and changes in estimates	3,043,774	6,703,806
Claim payments	<u>(2,283,615)</u>	<u>(3,375,559)</u>
	<u>\$ 33,500,542</u>	<u>\$ 32,740,383</u>
Current portion of insurance reserves	\$ 9,318,304	\$ 9,535,315
Non-current portion of insurance reserves	<u>24,182,238</u>	<u>23,205,068</u>
Total insurance reserves	<u>\$ 33,500,542</u>	<u>\$ 32,740,383</u>

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**NOTE 7 LONG TERM DEBT**

**a. Bonds**

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, 2022.

Revenue bonds currently outstanding as of year ending December 31, 2022 are as follows:

Bond Issuance	Fund Debt Retired By	Beginning Balance	Issuances	Retirements	Ending Balance at 12/31/2022	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	\$ 3,600,000	\$ -	\$ 1,200,000	\$ 2,400,000	\$ 1,200,000



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**NOTE 7 LONG TERM DEBT (Continued)**

**a. Bonds (Continued)**

Annual requirements to amortize all debt outstanding as of December 31, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1,200,000	82,200	1,282,200
2024	1,200,000	42,000	1,242,000
Total	<u>\$ 2,400,000</u>	<u>\$ 124,200</u>	<u>\$ 2,524,200</u>

**b. Leases**

Pace entered into lease agreements for the use of building and radio tower space. These agreements are considered leases for accounting purposes under GASB Statement No. 87, Leases. In a restatement relating to the implementation of GASB Statement No. 87 "Leases", a right to use building lease asset and lease obligation was recorded for the leases below in fiscal year 2022. There was no stated interest rate in any of the lease agreements so an implicit interest rate of 3.0% was used for all of the leases.

<u>Lessor</u>	<u>Description of Right To Use Asset</u>	<u>Start Date</u>	<u>End Date</u>	<u>Initial Liability</u>	<u>Lease Liability at 12/31/2022</u>
Evoque Data Center Solutions	Data Center	6/1/2019	6/1/2024	\$ 136,880	\$ 136,880
Chicago Tower Leasing Corp.	Radio Tower	9/1/2020	9/1/2032	63,377	59,425
Crown Castle International Corp.	Radio Tower	6/1/2020	6/1/2032	106,531	99,595
HMC CHP 76 Lively, LLC	Graphics Office	3/1/2020	3/1/2026	376,355	299,924
	TOTAL			<u>\$ 683,143</u>	<u>\$ 595,824</u>

\* The Evoque Data Center Solutions lease was prepaid through 6/30/2023 so no principal payments were recognized in 2022.

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**NOTE 7 LONG TERM DEBT (Continued)**

**b. Leases (Continued)**

Lease Liability outstanding as of December 31, 2022 is as follows:

Beginning Balance	Principal Payments	Ending Balance	Due Within One Year
\$ 683,143	\$ 87,319	\$ 595,824	\$ 165,468

The annual lease liability payment schedule is as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 165,468	\$ 19,571	\$ 185,039
2024	177,309	12,955	190,264
2025	115,382	8,313	123,695
2026	32,655	4,161	36,816
2027	16,272	3,497	19,769
2028	17,459	2,904	20,363
2029	18,680	2,294	20,974
2030	19,938	1,664	21,602
2031	21,304	1,016	22,320
2032	11,357	186	11,543
	<u>\$ 595,824</u>	<u>\$ 56,561</u>	<u>\$ 652,385</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 \$13,344,362 and \$12,020,244 respectively, for this advance for the year ended December 31, 2022 and December 31, 2021.

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**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, 2022 are as follows:

	Amalgamated Transit Union Local 900 Pension Plan	Retirement Plan for Pace West Division Employees	The Regional Tranportation Authority (“RTA”) Pension Plan	Total
Net Pension Liability	\$ 404,179	\$ 7,409,004	\$ 29,284,572	\$ 37,097,755
Deferred Outflows of Resources related to Pensions	\$ 433,374	\$ 1,654,694	\$ 28,668,757	\$ 30,756,825
Deferred Inflows of Resources related to Pensions	\$ (805,707)	\$ (2,937,650)	\$ (13,057,024)	\$ (16,800,381)
Pension Expense	\$ 7,737	\$ 32,001	\$ 11,063,661	\$ 11,103,399

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

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**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 records 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.

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**NOTE 9 PENSION PLANS (Continued)**

**a. North Division (Continued)**

The actuarial valuation report date is January 1, 2022. Measurements as of the reporting date are based on fair value of assets as of December 31, 2021 and the Total Pension Liability as of the valuation date of January 1, 2021, updated to December 31, 2021. 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, 2021.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 01/01/2021	\$ 8,283,582	\$ 7,813,164	\$ 470,418
Changes for year:			
Service Cost	164,786	-	164,786
Interest	613,595	-	613,595
Changes of Benefits	85,068	-	85,068
Changes of Assumptions	195,793	-	195,793
Differences Between Expected and Actual Experience	(5,811)	-	(5,811)
Contributions - Employer	-	160,945	(160,945)
Contributions - Member	-	201,181	(201,181)
Net Investment Income	-	851,525	(851,525)
Benefit Payments	(520,083)	(520,083)	-
Administrative Expense	-	(93,981)	93,981
Net Changes	<u>533,348</u>	<u>599,587</u>	<u>(66,239)</u>
Balances at 12/31/2021	<u>\$ 8,816,930</u>	<u>\$ 8,412,751</u>	<u>\$ 404,179</u>

During the measurement year there was an experience gain of \$5,811 resulting in a decrease in the Net Pension Liability. There was an assumption change loss of \$195,793 and a plan change loss of \$85,068 resulting in an increase to Net Pension Liability. The investment gain was less than the service cost, interest cost, the experience loss, assumption change loss, plan change loss and administrative expenses resulting in an decrease in the Net Pension Liability of \$66,239.

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**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 \$298,296 that resulted in an investment gain. Approximately \$59,659 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 \$238,637. In addition, there was \$234,515 recognized from the prior years' investment gains and losses resulting in a remaining deferred inflow of resources of \$554,070. The total deferred inflow of resources for the difference between projected and actual investment earnings is \$792,707.

The impact of losses due to assumption changes is recognized over the average expected remaining service life of all active and inactive members. During the measurement year there was an assumption loss of \$195,793. Approximately, \$48,948 of that loss was recognized in the current year and an identical amount will be recognized in the next three years resulting in a remaining deferred outflow of \$146,845. The prior losses from assumption changes resulted in \$20,241 of the loss being recognized in the current year resulting in a remaining deferred outflow of resources of \$20,241. The total deferred outflow of resources for assumption changes is \$167,086.

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 gain of \$5,811. Approximately \$1,453 of that gain was recognized in the current year and an identical amount will be recognized in the next three years resulting in a deferred inflow of \$4,358. In addition, there was \$8,642 recognized from prior years' experience gains resulting in a remaining deferred inflow of resources of \$8,642. The total deferred inflow of resources for experience gains is \$13,000.

During the measurement year there was \$39,795 recognized from the prior years' experience losses resulting in a remaining deferred outflow of resources of \$73,303.

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**NOTE 9 PENSION PLANS (Continued)**

**a. North Division (Continued)**

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	\$ 192,985	\$ -
Differences Between Expected and Actual Experience	73,303	13,000
Changes in Assumptions	167,086	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	792,707
Total	<u>\$ 433,374</u>	<u>\$ 805,707</u>

In 2022, there was \$192,985 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, 2023. Amounts reported as deferred outflows and deferred inflows of resources will be recognized as pension expense in the following periods:

Year Ended December 31:	
2023	\$ (101,570)
2024	(251,740)
2025	(152,348)
2026	(59,660)
2027	-
Thereafter	-

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**NOTE 9 PENSION PLANS (Continued)**

**a. North Division (Continued)**

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

	<u>2021</u>	<u>2020</u>
Current Employees	68	72
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	63	59
Terminated employees entitle to, but not yet receiving, benefits	<u>22</u>	<u>21</u>
	<u>153</u>	<u>152</u>

***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, 2021, updated to December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2021
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 assumed mortality improvement.
Investment Rate of Return	7.25%
Salary increases	2.00%
Inflation	Included in the salary increases
Retirement Age	Age 65 or age 62 with 30 year of benefit service



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**NOTE 9 PENSION PLANS (Continued)**

**a. North Division (Continued)**

**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, 2021 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	1.9%	10.0%
Fixed Income	6.5%	10.0%
Cash	50.0%	0.0%

**Discount Rate.** The discount rate used to measure the total pension liability was 7.25%. 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 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employer's Net Pension (Asset) Liability	\$ 1,276,905	\$ 404,179	\$ (342,961)

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**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.

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**NOTE 9 PENSION PLANS (Continued)**

**b. West Division (Continued)**

The actuarial valuation report date is January 1, 2022. Measurements as of the reporting date are based on fair value of assets as of December 31, 2021 and the Total Pension Liability as of the valuation date of January 1, 2021, updated to December 31, 2021. 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, 2021.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 01/01/2021	\$ 38,348,155	\$ 29,478,633	\$ 8,869,522
Changes for year:			
Service Cost	1,039,740	-	1,039,740
Interest	2,857,963	-	2,857,963
Changes of Benefits	-	-	-
Changes of Assumptions	-	-	-
Differences Between Expected and Actual Experience	70,032	-	70,032
Contributions - Employer	-	1,057,641	(1,057,641)
Contributions - Member	-	1,056,869	(1,056,869)
Net Investment Income	-	3,404,875	(3,404,875)
Benefit Payments	(2,703,524)	(2,703,524)	-
Administrative Expense	-	(91,132)	91,132
Net Changes	<u>1,264,211</u>	<u>2,724,729</u>	<u>(1,460,518)</u>
Balances at 12/31/2021	<u>\$ 39,612,366</u>	<u>\$ 32,203,362</u>	<u>\$ 7,409,004</u>

During the measurement year, there was an experience loss of \$70,032 resulting in an increase to Net Pension Liability. The investment gain and contributions exceeded service cost, interest cost, the experience loss and administrative expenses resulting in a decrease in the Net Pension Liability of \$1,460,518.

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**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 \$1,222,609. Approximately \$244,522 of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years totaling \$978,087 in deferred inflows. In addition, there was \$518,929 recognized from the prior years' net investment gains and losses resulting in a remaining deferred inflow of resources of \$1,407,416. The deferred inflows from the current and prior year investment gain exceeded the remaining deferring outflows resulting in net deferred inflows of \$2,385,503.

The prior years' losses from assumption changes resulted in \$112,997 of the loss being recognized in the current year and an identical amount will be recognized in the following year resulting in a remaining deferred inflows from assumptions changes of \$112,997.

During the measurement year, there was an experience loss of \$70,032. Approximately, \$14,006 of this experience loss will be recognized in the current year and an identical amount will be recognized in each of the next four years totaling \$56,026 in deferred outflows. In addition, there was \$184,810 recognized from the prior years' experience losses resulting in a remaining deferred outflow of resources of \$369,620. The total deferred outflows for experience losses is \$425,646.

There was \$266,058 from prior years' experience gains recognized in the current year resulting in remaining deferred inflows from experience gains of \$552,147.

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	\$ 1,116,051	\$ -
Differences Between Expected and Actual Experience	425,646	552,147
Changes in Assumptions	112,997	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,385,503
Total	<u>\$ 1,654,694</u>	<u>\$ 2,937,650</u>

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**NOTE 9 PENSION PLANS (Continued)**

**b. West Division (Continued)**

In 2022, there was \$1,116,051 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, 2023. Amounts reported as deferred outflows and deferred inflows of resources will be recognized as pension expense in the following periods:

Year Ended December 31:	
2023	\$ (480,536)
2024	(1,198,137)
2025	(489,817)
2026	(230,517)
2027	-
Thereafter	-

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

	<u>2021</u>	<u>2020</u>
Current Employees	228	238
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	218	207
Terminated employees entitled to, but not yet receiving, benefits	<u>39</u>	<u>41</u>
	<u>485</u>	<u>486</u>

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**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, 2021, updated to December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2021
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, 2021 are summarized in the following table:

Asset Type and Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity	1.45%	63.00%
Fixed Income	1.88%	34.00%
Cash or Cash Equivalents	1.88%	3.00%

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**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	\$ 11,203,238	\$ 7,409,004	\$ 4,131,879

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**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, 2021 the number of participants were:

	<u>2021</u>
Active	1,156
Retirees, disabled participants and beneficiaries of deceased retirees currently receiving benefits	931
Terminated employees entitled to, but not yet receiving, benefits	<u>513</u>
	<u><u>2,600</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.



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**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>2021</u>
Annual Normal Cost as of Valuation Date	\$ 12,671,954
Normal Cost Expense Load	661,626
Interest on Normal Cost to End of Year	800,015
30-Year Level Dollar Amortization of Unfunded Actuarial Accrued Liability at End of Year	<u>9,653,096</u>
Total Recommended Annual Contribution for the Current Plan Year	<u>\$ 23,786,691</u>
Total Covered Payroll	\$ 100,986,030
Recommended Annual Contribution (as a percentage of pay)	23.554%

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

	2021 Pensionable Payroll	Allocation Percent	Recommended Annual Contribution Requirements for Fiscal Year 2021
Metra	\$ 53,714,006	55.1%	\$ 13,106,467
Pace	35,194,409	36.1%	8,586,995
RTA	8,616,063	8.8%	2,093,229
Total	<u>\$ 97,524,478</u>	100.0%	<u>\$ 23,786,691</u>

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**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, 2021. Measurements as of the reporting date are based on fair value of assets as of December 31, 2021 and the total pension liability is based on an actuarial valuation performed as of January 1, 2021 with liabilities rolled forward to the measurement date of December 31, 2021.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 01/01/2021	\$ 173,449,769	\$ 133,356,026	\$ 40,093,743
Changes for year:			
Service Cost	4,574,575	-	4,574,575
Interest	9,731,606	-	9,731,606
Changes of Benefits	-	-	-
Changes of Assumptions	448,227	-	448,227
Differences Between Expected and Actual Experience	(3,130,397)	-	(3,130,397)
Changes in Employer Proportionate Share	563,111	-	563,111
Contributions - Employer	-	8,586,995	(8,586,995)
Net Investment Income	-	14,586,615	(14,586,615)
Benefit Payments	(8,950,073)	(8,950,073)	-
Administrative Expense	-	(177,317)	177,317
Net Changes	<u>3,237,049</u>	<u>14,046,220</u>	<u>(10,809,171)</u>
Balances at 12/31/2021	<u>\$ 176,686,818</u>	<u>\$ 147,402,246</u>	<u>\$ 29,284,572</u>

During the measurement year, there was an experience gain of \$3,130,397 resulting in an decrease to Net Pension Liability. The experience gain, investment gain and contributions exceeded service cost, interest cost, assumption loss and administrative expenses resulting in a decrease in the Net Pension Liability of \$10,809,171.

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 2021 contributions used within the proportionate share calculation for each employer and the respective allocation percentage.

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**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	\$ 8,185,145	\$ -
Changes in Assumptions	17,820,011	-
Difference Between Expected and Actual Experience	2,454,276	2,461,752
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	9,937,943
Change in Employer Proportionate Share	209,325	657,329
Total	<u>\$ 28,668,757</u>	<u>\$ 13,057,024</u>

In 2022, there was \$8,185,145 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, 2023. Amounts reported as deferred outflows and deferred inflows will be recognized as pension expense in the following periods:

Year Ended December 31:

2023	\$ 5,074,277
2024	\$ 1,899,011
2025	\$ 2,321,216
2026	\$ (1,867,916)
2027	\$ -
Thereafter	\$ -

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**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
2021	4.6817

***Assumptions.*** The total pension liability was determined by an actuarial valuation as of January 1, 2021 using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	January 1, 2021
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 <sup>th</sup> birthday; or age 55 with 10 years of vesting service.

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**NOTE 9 PENSION PLANS (Continued)**

**c. The Regional Transportation Authority Pension Plan (Continued)**

**Discount rate.** A 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	\$ 48,952,906	\$ 29,284,572	\$ 12,636,741

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**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, 2022. 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 January 1, 2021, 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%	28.00%
Developed Foreign Equity	7.50%	16.00%
Emerging Markets Equity	8.40%	15.00%
Private Equity	10.00%	4.00%
Investment Grade Bonds	1.70%	11.00%
Long-Term Government Bonds	1.40%	3.00%
TIPS	1.60%	3.00%
High-Yield Bonds	3.30%	3.00%
Emerging Market Bonds (local)	5.00%	2.00%
Emerging Market Bonds (major)	3.60%	2.00%
Real Estate	7.40%	8.00%
Real Assets	7.10%	5.00%

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**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 2022, Pace contributed \$383,938 and the participants contributed \$2,155,099 which includes \$340,801 contributed to the Roth 401(K).

In 2022, the RTA implemented a new benefit for employees hired after January 1, 2022. Eligible new hires can elect to receive an employer contribution of 7% of eligible earnings in lieu of participating in the RTA Defined Benefit Plan. Employee who elect the 401(K) employer contribution are fully vested after 3 years of service. For 2022, Pace contributed \$16,568 in employer contributions.

In late 2022, Pace implemented a new 457(B) defined contribution plan. Employees are eligible to make contributions to the 457(B) plan in addition to the 401(K) plan. There is no employer obligation to contribute. In 2022, Pace contributed \$27,000 in employer contributions.

**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.

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**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:

<b><u>Plan Name</u></b>	<b><u>Type of Plan</u></b>	<b><u>Number of Covered Employees</u></b>	<b><u>Employer Contribution Requirement</u></b>	<b><u>Employee Contribution Requirement</u></b>	<b><u>Employer Contribution Amount</u></b>	<b><u>Employee Contribution Amount</u></b>
Fox Valley	401(K)	68	4% of Compensation	None	\$154,437	\$86,383
Heritage	401(K)	61	4% of Compensation	4% of Compensation	\$160,229	\$235,490
North Shore	401(K)	56	4% of Compensation	None	\$129,273	\$193,620
Northwest	401(K)	210	4.5% of Compensation	4% of Compensation	\$666,814	\$893,564
River	401(K)	103	4% of Compensation	None	\$280,024	\$282,094
River	Defined Contribution	3	4% of Compensation	4% of Compensation	\$8,828	\$8,842
South	401(K)	211	4% of Compensation	4% of Compensation	\$502,918	\$698,428
Southwest	401(K)	99	4% of Compensation	2% of Compensation	\$229,284	\$234,112



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**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.

In 2022, Pace implemented a Medical Insurance Premium Reimbursement Program for non-bargained-for employees who meet certain requirements upon retirement. Employees who retired from Pace employment on or after January 1, 2021 are eligible. The OPEB liability was recorded as of December 31, 2022 but since it is the first year of the plan, there were no deferred outflows of resources or deferred inflows of resources.

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 and the Administrative Medical Insurance Premium Reimbursement Plan as of December 31, 2022 are as follows:

	North Division Retiree Health Plan	West Division Retiree Health Plan	Administrative Non-Bargained For Plan	Total
Total OPEB Liability	\$ 329,307	\$ 15,543,959	\$ 2,888,696	\$ 18,761,962
Deferred Outflows of Resources	38,694	2,799,628	-	2,838,322
Deferred Inflows of Resources	(177,699)	(1,584,471)	-	(1,762,170)
OPEB Expense	20,271	887,167	2,888,696	3,796,134

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**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, 2022, total OPEB liability totaled \$329,307. The reporting date for determining plan assets and obligations is December 31, 2022. The valuation date is January 1, 2022. The changes in total OPEB liability are as follows:

	Total OPEB Liability
Balances at 01/01/2022	\$ 337,759
Changes for year:	
Service Cost	31,898
Interest	6,479
Benefit Changes	-
Assumption Changes	(6,265)
Differences Between Expected and Actual Experience	(36,484)
Contributions - Employer	<u>(4,080)</u>
Net Changes	<u>(8,452)</u>
Balances at 12/31/2022	<u><u>\$ 329,307</u></u>

At January 1, 2022 and January 1, 2021 the number of participants were:

	<u>2022</u>	<u>2021</u>
Actives not yet Fully Eligible to Retire	51	60
Actives Fully Eligible to Retire	-	-
Retirees Receiving Coverage	<u>1</u>	<u>-</u>
Total	<u><u>52</u></u>	<u><u>60</u></u>

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**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	\$ 302,109	\$ 329,307	\$ 360,649

  

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 349,262	\$ 329,307	\$ 310,507

At December 31, 2022, 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	\$ -	\$ 122,175
Changes in Assumptions	38,694	55,524
Total	\$ 38,694	\$ 177,699

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

Year ended December 31,		
2023	\$	(18,109)
2024	\$	(18,109)
2025	\$	(18,109)
2026	\$	(18,109)
2027	\$	(18,109)
Total Thereafter		(48,460)

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**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**a. North Division Retiree Health Plan (Continued)**

The OPEB Expense recorded at December 31, 2022 is comprised of the following:

	<b><u>2022</u></b>
Service Cost	
Beginning of year service cost	\$ 31,297
Interest on service cost to end of year	604
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	\$ 337,759
Benefit payments	4,080
Average OPEB Liability for the year	335,716
Interest on average OPEB liability for the year	6,479
Recognition of Deferred (Inflows)/Outflows from:	
Experience	(15,976)
Asset (Gain)/Loss	-
Assumption Changes	(2,133)
Total Amortization	<u>(18,109)</u>
Administrative expenses	-
Effect of plan changes	-
Projected Earnings on OPEB investments	N/A
Retiree Contributions	-
OPEB Expense	<u>\$ 20,271</u>

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**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, 2022 using the following actuarial assumptions:

Measurement Date	January 1, 2022
Reporting Date	December 31, 2022
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	2.25%
Salary increases	3.00%
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>
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%

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**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 contributes 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 years 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.

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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**b. West Division Retiree Health Plan (Continued)**

At December 31, 2022, total OPEB liability totaled \$15,543,959. The reporting date for determining plan assets and obligations is December 31, 2022. The valuation date is January 1, 2022. The changes in total OPEB liability are as follows:

	Total OPEB Liability
Balances at 01/01/2022	\$ 16,022,133
Changes for year:	
Service Cost	341,355
Interest	303,659
Changes of Benefits	-
Changes of Assumptions	(809,992)
Differences Between Expected and Actual Experience	263,774
Contributions - Employer	<u>(576,970)</u>
Net Changes	<u>(478,174)</u>
Balances at 12/31/2022	<u><u>\$ 15,543,959</u></u>

At January 1, 2022 and January 1, 2021, the number of participants were:

	<u>2022</u>	<u>2021</u>
Actives not yet Fully Eligible to Retire	38	58
Actives Fully Eligible to Retire	24	7
Retirees Receiving a Stipend	92	87
Retirees Receiving Medical Coverage	15	17
Spouses	-	-
Total	<u>169</u>	<u>169</u>

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(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	\$ 13,710,489	\$ 15,543,959	\$ 17,775,541

  

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 17,636,126	\$ 15,543,959	\$ 13,812,279

At December 31, 2022, 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	\$ 600,950	\$ -
Differences Between Expected and Actual Experience	421,557	239,784
Changes in Assumptions	1,777,121	1,344,687
Total	\$ 2,799,628	\$ 1,584,471

In 2022, there was \$600,948 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, 2023. 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,	
2023	\$ 242,152
2024	103,976
2025	377,323
2026	(109,244)
2027	-
Total Thereafter	-



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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**b. West Division Retiree Health Plan (Continued)**

The OPEB Expense recorded at December 31, 2022 is comprised of the following:

	<b><u>2022</u></b>
Service Cost	
Beginning of year service cost	\$ 334,892
Interest on service cost to end of year	6,463
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	\$ 16,022,133
Benefit payments	576,970
Average OPEB Liability for the year	15,733,648
Interest on average OPEB liability for the year	303,659
Recognition of Deferred (Inflows)/Outflows from:	
Experience	74,912
Asset (Gain)/Loss	-
Assumption Changes	<u>167,241</u>
Total Amortization	242,153
Administrative expenses	-
Effect of plan changes	-
Projected Earnings on OPEB investments	N/A
Retiree Contributions	<u>-</u>
OPEB Expense	<u><u>\$ 887,167</u></u>

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(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, 2022 using the following actuarial assumptions:

Measurement Date	January 1, 2022
Reporting Date	December 31, 2022
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	2.25%
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>
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  
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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**b. 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**

<u>Age</u>	<u>Less Than 25 Years of Service</u>	<u>25 or More 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%

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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**c. Medical Insurance Premium Reimbursement Plan**

In fiscal year 2022, Pace implemented a medical insurance premium reimbursement program (“Program”) for retired non-bargained for employees. The benefit provides eligible employees with a non-taxable reimbursement that can be used toward their premiums for supplemental medical coverage in retirement.

Non-bargained for employees are eligible to apply for reimbursement under the Program if they retire from Pace employment on or after January 1, 2021. At date of retirement the employee must be either:

- 65 years old or older, or
- 55 to 64 years old and have completed at least 10 years of continuous, full-time employment with Pace, or
- 65 years old or older if they elected early retirement under Pace’s Early Retirement Incentive Program.

Employees must also be fully vested in the RTA Pension Plan and be enrolled in Medicare Part B, Medicare supplemental insurance, and/or alternative medical insurance and have paid the premiums for their coverage.

Eligible employees who are approved for reimbursement under the Program will receive up to \$78.00 per month toward their paid premiums. The amount of reimbursement will not exceed the cost of coverage.

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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**c. Medical Insurance Premium Reimbursement Plan (Continued)**

At December 31, 2022, total OPEB liability totaled \$2,888,696. The reporting date for determining plan assets and obligations is December 31, 2022. The valuation date is January 1, 2022. The changes in total OPEB liability are as follows:

	Total OPEB Liability
Balances at 01/01/2022	\$ -
Changes for year:	
Service Cost	169,166
Interest	59,900
Changes of Benefits	2,664,856
Changes of Assumptions	-
Differences Between Expected and Actual Experience	-
Contributions - Employer	<u>(5,226)</u>
Net Changes	<u>2,888,696</u>
Balances at 12/31/2022	<u>\$ 2,888,696</u>

At January 1, 2022, the number of participants were:

	<b><u>2022</u></b>
Actives not yet Fully Eligible to Retire	139
Actives Fully Eligible to Retire	278
Retirees Receiving Medical Coverage	<u>21</u>
Total	<u>438</u>

***Sensitivity of the total OPEB liability to changes in discount rate.*** The following represents the effect of increasing or decreasing the discount rate by 1%.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 2,425,435	\$ 2,888,693	\$ 2,510,793

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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**c. Medical Insurance Premium Reimbursement Program for Retired Employees  
(Continued)**

At December 31, 2022, there were no deferred outflows of resources or deferred inflows of resources since this is the first year of the OPEB liability.

The total amount of the OPEB Liability was recorded to OPEB expense since fiscal 2022 was the first year of inception. The OPEB Expense for fiscal year 2022 is comprised of the following:

	<b><u>2022</u></b>
Service Cost	
Beginning of year service cost	\$ 165,444
Interest on service cost to end of year	3,722
Interest on total OPEB Liability	
Total OPEB liability at beginning of year	\$ 2,664,856
Benefit payments	5,226
Average OPEB Liability for the year	2,662,240
Interest on average OPEB liability for the year	59,900
Recognition of Deferred (Inflows)/Outflows from:	
Experience	-
Asset (Gain)/Loss	-
Assumption Changes	-
Total Amortization	-
Administrative expenses	-
Effect of plan changes	2,659,630
Projected Earnings on OPEB investments	N/A
Retiree Contributions	-
OPEB Expense	\$ 2,888,696

**PACE  
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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**c. Medical Insurance Premium Reimbursement Program for Retired Employees  
(Continued)**

**Assumptions.** The OPEB liability was determined by an actuarial valuation as of January 1, 2022 using the following actuarial assumptions:

Measurement Date	January 1, 2022
Reporting Date	December 31, 2022
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	2.25%
Salary increases	3.00%
Participation	100% of all eligible active and retired participants

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:

**Withdrawal Rates**

<u>Age</u>	<u>Five or More Years of Service</u>		<u>Service</u>	<u>First Four Years of Service</u>	
	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
30	8.00%	14.40%	1	14.00%	12.00%
35	5.50%	4.50%	2	10.00%	10.00%
40	4.00%	2.30%	3	10.00%	10.00%
45	2.75%	0.30%	4	8.00%	8.00%
50	2.00%	0.00%			
55	2.00%	0.00%			

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(CONTINUED)**

**NOTE 11 OTHER POST EMPLOYMENT BENEFITS (Continued)**

**c. Medical Insurance Premium Reimbursement Program for Retired Employees  
(Continued)**

**Retirement Rates**

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	5.00%	65	30.00%
56	5.00%	66	30.00%
57	5.00%	67	30.00%
58	5.00%	68	30.00%
59	5.00%	69	30.00%
60	20.00%	70	30.00%
61	18.00%	71	35.00%
62	18.00%	72	35.00%
63	18.00%	73	35.00%
64	18.00%	74	35.00%
		75+	100.00%



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(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 2022 is as follows:

Unrestricted Net Position at 12/31/2021	\$ 170,014,879
Suburban Services Surplus (Deficit)	92,618,104
Pace Capital Grants	(2,916,712)
Change in Capital Related Borrowings	(1,200,000)
Restatement Due to GASB87 - Lease Assets Prepaid in Prior Year	(6,703,595)
Restatement Due to GASB87 - Change in Lease Liability	<u>(87,319)</u>
Unrestricted Net Position at 12/31/2022	<u><u>\$ 251,725,357</u></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, 2022, the Working Capital calculation for Suburban Services is as follows:

Current Assets	\$ 383,366,735
Less: Current Liabilities	(51,600,136)
Less: PBV Projects	<u>(12,789,546)</u>
	\$ 318,977,053
Operating Expenses	\$ 296,254,905
Working Capital Ratio	108%
Days of Liquidity	393

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(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 109 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.

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(CONTINUED)**

**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 \$2,524,200. Principal and interest paid for the current year is \$1,319,400, and the Suburban Service Funds' operating revenue for the current year is \$32,298,183.

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

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>								
Service cost	\$ 164,786	\$ 170,518	\$ 180,056	\$ 170,220	\$ 179,341	\$ 186,026	\$ 195,168	\$ 133,375
Interest	613,595	595,415	575,551	546,461	518,429	487,814	449,547	333,911
Changes of benefit terms	85,068	-	-	-	-	-	-	1,191,632
Differences between expected and actual experience	(5,811)	31,006	144,499	(43,211)	15,719	(2,557)	10,612	-
Changes of assumptions	195,793	-	-	101,203	-	-	-	-
Benefit payment, including refunds of employee contributions	(520,083)	(501,396)	(523,024)	(443,304)	(302,450)	(246,872)	(193,903)	(123,505)
<b>Net change in total pension liability</b>	<u>533,348</u>	<u>295,543</u>	<u>377,082</u>	<u>331,369</u>	<u>411,039</u>	<u>424,411</u>	<u>461,424</u>	<u>1,535,413</u>
<b>Total pension liability - beginning</b>	<u>8,283,582</u>	<u>7,988,039</u>	<u>7,610,957</u>	<u>7,279,590</u>	<u>6,868,551</u>	<u>6,444,141</u>	<u>5,982,717</u>	<u>4,447,304</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 8,816,930</u>	<u>\$ 8,283,582</u>	<u>\$ 7,988,039</u>	<u>\$ 7,610,959</u>	<u>\$ 7,279,590</u>	<u>\$ 6,868,552</u>	<u>\$ 6,444,141</u>	<u>\$ 5,982,717</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 160,945	\$ 172,095	\$ 175,889	\$ 178,389	\$ 169,821	\$ 164,182	\$ 165,936	\$ 149,926
Contributions - employee	201,181	211,910	219,862	222,987	212,279	205,226	204,980	149,926
Net investment income	851,525	1,201,645	1,111,779	(231,782)	887,068	358,789	6,897	312,685
Benefit payments, including refunds of employee contributions	(520,083)	(501,396)	(523,024)	(443,304)	(302,450)	(246,872)	(193,903)	(123,505)
Administrative expense	(93,981)	(70,006)	(77,447)	(88,973)	(85,266)	(96,731)	(76,406)	(73,634)
Other	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>599,587</u>	<u>1,014,248</u>	<u>907,059</u>	<u>(362,683)</u>	<u>881,452</u>	<u>384,594</u>	<u>107,504</u>	<u>415,398</u>
<b>Plan fiduciary net position - beginning</b>	<u>7,813,164</u>	<u>6,798,916</u>	<u>5,891,857</u>	<u>6,254,540</u>	<u>5,373,088</u>	<u>4,988,494</u>	<u>4,880,990</u>	<u>4,465,592</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 8,412,751</u>	<u>\$ 7,813,164</u>	<u>\$ 6,798,916</u>	<u>\$ 5,891,857</u>	<u>\$ 6,254,540</u>	<u>\$ 5,373,088</u>	<u>\$ 4,988,494</u>	<u>\$ 4,880,990</u>
<b>Net Pension Liability - ending (a) - (b)</b>	<u>\$ 404,179</u>	<u>\$ 470,418</u>	<u>\$ 1,189,123</u>	<u>\$ 1,719,102</u>	<u>\$ 1,025,050</u>	<u>\$ 1,495,464</u>	<u>\$ 1,455,647</u>	<u>\$ 1,101,727</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	95.42%	94.32%	85.11%	77.41%	85.92%	78.23%	77.41%	81.58%
<b>Covered payroll</b>	\$ 4,026,708	\$ 4,276,772	\$ 4,314,849	\$ 4,514,789	\$ 4,140,722	\$ 4,104,533	\$ 4,121,289	\$ 3,748,150
<b>Net pension liability as a percentage of covered- employee payroll</b>	10.04%	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 13<sup>th</sup> 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**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>								
Service cost	\$ 1,039,740	\$ 1,004,289	\$ 1,035,862	\$ 933,694	\$ 849,708	\$ 807,716	\$ 808,140	\$ 752,719
Interest	2,857,963	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	70,032	(751,412)	924,050	(506,487)	(72,392)	(217,077)	(449,032)	-
Changes of assumptions	-	-	-	564,986	-	-	-	-
Benefit payment, including refunds of employee contributions	<u>(2,703,524)</u>	<u>(2,431,951)</u>	<u>(2,267,857)</u>	<u>(2,085,121)</u>	<u>(2,051,407)</u>	<u>(1,983,048)</u>	<u>(1,937,718)</u>	<u>(1,775,689)</u>
<b>Net change in total pension liability</b>	1,264,211	581,214	2,406,069	1,446,846	1,314,037	1,095,851	797,671	1,290,200
<b>Total pension liability - beginning</b>	<u>38,348,155</u>	<u>37,766,941</u>	<u>35,360,872</u>	<u>33,914,027</u>	<u>32,599,990</u>	<u>31,504,140</u>	<u>30,706,469</u>	<u>29,416,269</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 39,612,366</u>	<u>\$ 38,348,155</u>	<u>\$ 37,766,941</u>	<u>\$ 35,360,873</u>	<u>\$ 33,914,027</u>	<u>\$ 32,599,991</u>	<u>\$ 31,504,140</u>	<u>\$ 30,706,469</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 1,057,641	\$ 1,105,921	\$ 1,054,746	\$ 1,070,037	\$ 900,263	\$ 889,323	\$ 846,152	\$ 790,856
Contributions - employee	1,056,869	1,105,790	1,054,759	1,069,998	900,222	888,736	850,243	794,934
Net investment income	3,404,875	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	(2,703,524)	(2,431,951)	(2,267,857)	(2,085,121)	(2,051,407)	(1,983,048)	(1,937,718)	(1,775,689)
Administrative expense	(91,132)	(96,323)	(99,510)	(90,901)	(89,884)	(119,224)	(102,386)	(87,594)
Other	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	2,724,729	3,115,119	4,022,684	(903,607)	2,424,802	1,245,113	(615,020)	572,707
<b>Plan fiduciary net position - beginning</b>	<u>29,478,633</u>	<u>26,363,514</u>	<u>22,340,830</u>	<u>23,244,437</u>	<u>20,819,635</u>	<u>19,574,522</u>	<u>20,189,542</u>	<u>19,616,835</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 32,203,362</u>	<u>\$ 29,478,633</u>	<u>\$ 26,363,514</u>	<u>\$ 22,340,830</u>	<u>\$ 23,244,437</u>	<u>\$ 20,819,635</u>	<u>\$ 19,574,522</u>	<u>\$ 20,189,542</u>
<b>Net Pension Liability - ending (a) - (b)</b>	<u>\$ 7,409,004</u>	<u>\$ 8,869,522</u>	<u>\$ 11,403,427</u>	<u>\$ 13,020,043</u>	<u>\$ 10,669,590</u>	<u>\$ 11,780,356</u>	<u>\$ 11,929,618</u>	<u>\$ 10,516,927</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	81.30%	76.87%	69.81%	63.18%	68.54%	63.86%	62.13%	65.75%
<b>Covered payroll</b>	\$ 15,942,095	\$ 16,682,665	\$ 15,835,729	\$ 16,531,830	\$ 14,056,417	\$ 13,640,822	\$ 12,899,438	\$ 12,349,946
<b>Net pension liability as a percentage of covered- employee payroll</b>	46.47%	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>2022</u>	<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)	36.1000%	35.6000%	36.0000%	36.0000%	35.8000%	36.5000%	39.1000%	40.7553%
Proportionate share of the net pension liability (asset)	\$ 29,284,572	\$ 40,093,743	\$ 18,238,882	\$ 21,735,562	\$ 6,399,210	\$ 13,798,380	\$ 13,520,828	\$ 28,527,177
Covered payroll	\$ 35,194,375	\$ 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	83.21%	105.82%	49.33%	61.28%	18.95%	40.71%	43.23%	94.38%
Plan fiduciary net position as a percentage of the total pension liability	82.22%	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**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	Not Available	\$ 124,726	\$ 171,957	\$ 245,009	\$ 150,323	\$ 208,938	\$ 204,842	\$ 156,328	\$ 97,358
Contributions in relation to the actuarially determined contribution	<u>192,985</u>	<u>160,945</u>	<u>170,670</u>	<u>175,889</u>	<u>178,389</u>	<u>169,821</u>	<u>164,182</u>	<u>165,936</u>	<u>149,926</u>
Contribution deficiency (excess)	<u>Not Available</u>	<u>\$ (36,219)</u>	<u>\$ 1,287</u>	<u>\$ 69,120</u>	<u>\$ (28,066)</u>	<u>\$ 39,117</u>	<u>\$ 40,660</u>	<u>\$ (9,608)</u>	<u>\$ (52,568)</u>
Covered payroll	Not Available	\$ 4,026,708	\$ 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		4.00%	3.99%	4.08%	3.95%	4.10%	4.00%	4.03%	4.00%

Valuation Date:	Not Available	January 1, 2022	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:	Not Available								
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	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Straight Line	Straight Line	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	20 years	20 years
Asset valuation method	Market	Market	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	Included in salary increases	Included in salary increases
Salary increases	2.00%	2.00%	2.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment rate of return	7.25%	7.50%	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	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-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	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 2022 is not available.



**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**

	<u>2022</u>	<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	\$ 1,073,568	\$ 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>1,116,051</u>	<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>\$ 15,932</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	\$ 15,942,095	\$ 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%	6.63%	6.66%	6.47%	6.40%	6.52%	6.56%	6.40%

Valuation Date:	Not Available	January 1, 2022	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	Entry Age Normal	Entry Age Normal
Amortization method	Straight Line	Straight Line	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	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	Smoothed Market Value	Smoothed Market Value
Inflation	4%	4%	4%	4%	4%	4%	4%	4%	4%
Salary increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Investment rate of return	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%	8.00%	8.00%	8.00%
Retirement age	Age 65	Age 65	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-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	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 2022 is not available.

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

**LAST TEN FISCAL YEARS**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 8,185,145	\$ 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	8,185,145	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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	Not Available	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:	January 1 2022	January 1 2021	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	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	Level dollar closed	Level dollar closed
Remaining amortization period	30 years	30 years	30 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	5 year smoothed market	5 year smoothed market
Inflation	2.50%	2.50%	2.45%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	2.85% to 8.60% including inflation	2.85% to 8.60% including inflation	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Investment rate of return	6.00%	6.00%	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	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	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.	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 31,898	\$ 27,070	\$ 32,483	\$ 35,985	\$ 30,750
Interest	6,479	10,028	12,287	11,639	12,257
Differences between expected and actual experience	(36,484)	(45,790)	(38,696)	(32,162)	(9,009)
Changes of assumptions	(6,265)	40,890	(31,865)	(42,083)	11,963
Benefit payment, including refunds of employee contributions	(4,080)	(4,080)	(4,221)	(4,078)	(11,960)
<b>Net change in total OPEB liability</b>	<u>(8,452)</u>	<u>28,118</u>	<u>(30,012)</u>	<u>(30,699)</u>	<u>34,001</u>
<b>Total OPEB liability - beginning</b>	<u>337,759</u>	<u>309,641</u>	<u>339,654</u>	<u>370,353</u>	<u>336,352</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 329,307</u></u>	<u><u>\$ 337,759</u></u>	<u><u>\$ 309,642</u></u>	<u><u>\$ 339,654</u></u>	<u><u>\$ 370,353</u></u>
<b>Covered payroll</b>	\$ 4,026,208	\$ 4,282,511	\$ 4,398,507	\$ 4,457,984	\$ 4,121,289
<b>Net OPEB liability as a percentage of covered payroll</b>	8.2%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 341,355	\$ 264,401	\$ 268,824	\$ 334,146	\$ 289,842
Interest	303,659	430,077	479,956	450,875	487,210
Differences between expected and actual experience	263,774	(315,995)	500,452	(150,559)	62,153
Changes of assumptions	(809,992)	2,748,838	(704,445)	(1,244,745)	766,909
Benefit payment, including refunds of employee contributions	<u>(576,970)</u>	<u>(595,498)</u>	<u>(480,142)</u>	<u>(464,489)</u>	<u>(476,025)</u>
<b>Net change in total OPEB liability</b>	(478,174)	2,531,823	64,645	(1,074,772)	1,130,089
<b>Total OPEB liability - beginning</b>	<u>16,022,133</u>	<u>13,490,310</u>	<u>13,425,667</u>	<u>14,500,439</u>	<u>13,370,350</u>
<b>Total OPEB liability - ending</b>	<u>\$ 15,543,959</u>	<u>\$ 16,022,133</u>	<u>\$ 13,490,312</u>	<u>\$ 13,425,667</u>	<u>\$ 14,500,439</u>
<b>Covered payroll</b>	\$ 16,513,742	\$ 17,206,897	\$ 16,503,427	\$ 16,652,222	\$ 14,101,334
<b>Net OPEB liability as a percentage of covered payroll</b>	94.1%	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

**PACE  
THE SUBURBAN BUS DIVISION  
OF THE REGIONAL TRANSPORTATION AUTHORITY  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
MEDICAL INSURANCE PREMIUM REIMBURSEMENT PLAN**

**LAST TEN FISCAL YEARS**

	<b><u>2022</u></b>
<b>Total OPEB Liability</b>	
Service cost	\$ 169,166
Interest	59,900
Changes of benefits	2,664,856
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payment, including refunds of employee contributions	(5,226)
<b>Net change in total OPEB liability</b>	2,888,696
<b>Total OPEB liability - beginning</b>	-
<b>Total OPEB liability - ending</b>	\$ 2,888,696
<b>Covered payroll</b>	\$ 35,194,375
<b>Net OPEB liability as a percentage of covered payroll</b>	8.2%

**Notes:**

Fiscal Year 2022 was the first year the benefit was provided.

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**  
**STATEMENT OF NET POSITION BY FUND**  
**DECEMBER 31, 2022**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021**

<b>ASSETS</b>	<b>Suburban Services Fund <u>2022</u></b>	<b>Regional ADA Paratransit Services Fund <u>2022</u></b>	<b>Total <u>2022</u></b>	<b>Unaudited Total <u>2021</u></b>
<u>Current Assets</u>				
Cash:				
Cash and Investments	\$ 198,699,898	\$ 41,956,197	\$ 240,656,095	\$ 86,372,450
Restricted Cash	1,210,029	-	1,210,029	1,208,690
Cash and Investments	<u>199,909,927</u>	<u>41,956,197</u>	<u>241,866,124</u>	<u>87,581,140</u>
Accounts Receivable:				
Regional Transportation Authority	85,664,489	672,658	86,337,147	76,504,874
Interfund Receivable	1,630,939	-	1,630,939	6,369,277
Capital Grant Projects-FTA & IDOT	76,302,959	6,955,573	83,258,532	121,718,553
Other	3,865,649	115,725	3,981,374	4,504,082
Total Accounts Receivable	<u>167,464,036</u>	<u>7,743,956</u>	<u>175,207,992</u>	<u>209,096,786</u>
<u>Other Current Assets</u>				
Prepaid Expenses	4,383,693	1,630,754	6,014,447	11,052,343
Inventory-Spare Parts	11,609,079	-	11,609,079	9,277,769
Total Other Current Assets	<u>15,992,772</u>	<u>1,630,754</u>	<u>17,623,526</u>	<u>20,330,112</u>
Total Current Assets	<u>383,366,735</u>	<u>51,330,907</u>	<u>434,697,642</u>	<u>317,008,038</u>
<u>Noncurrent Assets</u>				
Capital Assets not Being Depreciated/Amortized				
Land	34,108,698	-	34,108,698	33,133,698
Capital Projects in Progress	28,179,842	-	28,179,842	39,437,712
Total Capital Assets not Being Depreciated/Amortized	<u>62,288,540</u>	<u>-</u>	<u>62,288,540</u>	<u>72,571,410</u>
Capital Assets Being Depreciated/Amortized, Net				
Equipment	502,265,114	23,887,538	526,152,652	503,406,934
Buildings and Improvements	311,691,771	-	311,691,771	250,303,531
Building Right to Use Lease Assets	2,679,841	4,706,897.00	7,386,738	-
Less Accumulated Depreciation	(514,714,357)	(20,345,957)	(535,060,314)	(497,001,962)
Total Capital Assets Being Depreciated/Amortized, Net	<u>301,922,369</u>	<u>8,248,478</u>	<u>310,170,847</u>	<u>256,708,503</u>
Total Noncurrent Assets	<u>364,210,909</u>	<u>8,248,478</u>	<u>372,459,387</u>	<u>329,279,913</u>
Total Assets	<u>747,577,644</u>	<u>59,579,385</u>	<u>807,157,029</u>	<u>646,287,951</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflow - Pension	28,536,221	2,220,604	30,756,825	40,137,770
Deferred Outflow - OPEB	2,838,322	-	2,838,322	1,979,163
Total Deferred Outflow of Resources	<u>31,374,543</u>	<u>2,220,604</u>	<u>33,595,147</u>	<u>42,116,933</u>

**PACE**  
**THE SUBURBAN BUS DIVISION OF THE**  
**REGIONAL TRANSPORTATION AUTHORITY**  
**STATEMENT OF NET POSITION BY FUND (Continued)**  
**DECEMBER 31, 2022**  
**WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021**

<b>LIABILITIES</b>	<b>Suburban Services Fund 2022</b>	<b>Regional ADA Paratransit Services Fund 2022</b>	<b>Total 2022</b>	<b>Unaudited Total 2021</b>
<b><u>Current Liabilities</u></b>				
Accounts Payable:				
Operating	\$ 4,338,017	\$ 698,169	\$ 5,036,186	\$ 2,115,473
Capital	8,523,190	-	8,523,190	7,838,671
Accrued Payroll Expenses	9,887,631	241,685	10,129,316	9,203,748
Other Accrued Expenses	14,043,835	46,190,341	60,234,176	35,057,944
Unearned Revenue	4,216,357	1,354,548	5,570,905	3,944,440
Interfund Payable	-	1,630,939	1,630,939	6,369,277
Bonds Payable - Current	1,200,000	-	1,200,000	1,200,000
Lease Liability - Current	165,468	-	165,468	-
Current Portion of Insurance Reserves	9,225,638	92,666	9,318,304	9,535,315
<b>Total Current Liabilities</b>	<b>51,600,136</b>	<b>50,208,348</b>	<b>101,808,484</b>	<b>75,264,868</b>
<b><u>Noncurrent Liabilities</u></b>				
Insurance Reserve, Non-Current Portion	24,182,238	-	24,182,238	23,205,068
Net Pension Liability	34,851,624	2,246,131	37,097,755	49,433,683
Total Other Post Employment Benefits (OPEB) Liability	18,761,962	-	18,761,962	16,359,892
Advance From State	13,344,362	-	13,344,362	12,020,244
Bonds Payable, Non-Current	1,200,000	-	1,200,000	2,400,000
Lease Liability, Non-Current	430,356	-	430,356	-
Other Liabilities	2,879,988	95,560	2,975,548	2,615,452
<b>Total Noncurrent Liabilities</b>	<b>95,650,530</b>	<b>2,341,691</b>	<b>97,992,221</b>	<b>106,034,339</b>
<b>Total Liabilities</b>	<b>147,250,666</b>	<b>52,550,039</b>	<b>199,800,705</b>	<b>181,299,207</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow - Pension	15,798,909	1,001,472	16,800,381	10,089,433
Deferred Inflow - OPEB	1,762,170	-	1,762,170	121,452
<b>Total Deferred Inflow of Resources</b>	<b>17,561,079</b>	<b>1,001,472</b>	<b>18,562,551</b>	<b>10,210,885</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	361,215,085	8,248,478	369,463,563	325,679,913
Restricted for Bond Repayment	1,200,000	-	1,200,000	1,200,000
Unrestricted	251,725,357	-	251,725,357	170,014,879
<b>Total Net Position</b>	<b>\$ 614,140,442</b>	<b>\$ 8,248,478</b>	<b>\$ 622,388,920</b>	<b>\$ 496,894,792</b>

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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, 2022**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Suburban Services Fund 2022</b>	<b>Regional ADA Paratransit Services Fund 2022</b>	<b>Total 2022</b>	<b>Unaudited Total 2021</b>
<b><u>Operating Revenue</u></b>				
Pace-owned service revenue	\$ 18,467,001	\$ -	\$ 18,467,001	\$ 17,174,522
CMAQ/JARC Services	188,525	-	188,525	149,176
Fixed route carrier revenue	1,689,956	-	1,689,956	1,370,826
Paratransit revenue	8,134,841	7,334,630	15,469,471	15,605,681
Vanpool revenue	924,566	-	924,566	831,782
Reduced fare reimbursement	1,345,862	-	1,345,862	1,345,862
Advertising revenue	732,895	-	732,895	1,984,909
Miscellaneous	814,537	672,658	1,487,195	406,194
<b>Total Operating Revenue</b>	<b>32,298,183</b>	<b>8,007,288</b>	<b>40,305,471</b>	<b>38,868,952</b>
<b><u>Operating expenses:</u></b>				
Pace-owned service expenses	113,570,555	-	113,570,555	107,506,188
CMAQ/JARC expenses	5,497,024	-	5,497,024	6,309,250
Contract Payments:				
Fixed route carriers	6,194,332	-	6,194,332	5,553,944
Paratransit carriers	19,551,042	182,663,872	202,214,914	180,207,010
Vanpool expenses	1,287,966	-	1,287,966	1,064,009
Centralized operations	66,163,510	10,504,994	76,668,504	68,976,587
Administrative expenses	40,831,325	6,704,016	47,535,341	39,738,127
Depreciation/Amortization	50,804,949	1,903,294	52,708,243	53,194,039
Indirect overhead allocation	(7,645,798)	7,645,798	-	-
<b>Total Operating Expenses</b>	<b>296,254,905</b>	<b>209,421,974</b>	<b>505,676,879</b>	<b>462,549,154</b>
Operating Income (Loss)	(263,956,722)	(201,414,686)	(465,371,408)	(423,680,202)
<b><u>Non-Operating Revenue (Expenses)</u></b>				
Retailers' occupation and use tax from RTA (85% Formula)	123,182,482	-	123,182,482	116,944,510
RTA Sales Tax/PTF (PA 95-0708)	19,797,410	-	19,797,410	23,535,595
RTA PTF Funding I	11,249,705	-	11,249,705	5,149,483
RTA PTF Funding II	24,271,518	-	24,271,518	21,137,470
Regional ADA Paratransit Funding	-	188,450,192	188,450,192	157,285,039
ADA State Funding	-	8,394,802	8,394,802	8,394,804
Suburban Community Mobility Fund (SCMF)	31,948,290	-	31,948,290	29,897,331
South Suburban Job Access Fund	7,500,000	-	7,500,000	7,500,000
CARES Funding - Public Funding	-	741,648	741,648	86,009,393
CRRSSA Funding - Public Funding	-	6,213,925	6,213,925	35,231,159
APRA Funding - Public Funding	71,263,074	-	71,263,074	-
Innovation Coordination and Enhancement Fund (ICE)	-	-	-	1,392,224
Federal Operating Grants	8,773,520	-	8,773,520	6,624,863
Interfund Asset Allocation	(4,570,402)	4,570,402	-	-
Interest on Investments	3,214,858	417,724	3,632,582	264,081
Interest Expense	(137,879)	-	(137,879)	(154,200)
<b>Total Non-Operating Revenue (Expenses)</b>	<b>296,492,576</b>	<b>208,788,693</b>	<b>505,281,269</b>	<b>499,211,752</b>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	32,535,854	7,374,007	39,909,861	75,531,550
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Grant Reimbursements	85,584,267	-	85,584,267	50,808,837
<b>Total Other Revenues, Expenses, Gains, Losses and Transfers</b>	<b>85,584,267</b>	<b>-</b>	<b>85,584,267</b>	<b>50,808,837</b>
Change in Net Position	118,120,121	7,374,007	125,494,128	126,340,387
Beginning Net Position	496,020,321	874,471	496,894,792	370,554,405
Ending Net Position	<b>\$ 614,140,442</b>	<b>\$ 8,248,478</b>	<b>\$ 622,388,920</b>	<b>\$ 496,894,792</b>

**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, 2022**

	Actual	Final Amended Budget	Variance
<b><u>Operating Revenue</u></b>			
Pace-Owned Service Revenue	\$ 18,467,001	\$ 15,493,460	\$ 2,973,541
CMAQ/JARC/ICE Passenger Revenue	188,525	228,937	(40,412)
Fixed Route Carrier Revenue	1,689,956	2,143,882	(453,926)
Paratransit Revenue	8,134,841	7,202,112	932,729
Vanpool Revenue	924,566	799,514	125,052
CARES Funding - Operating	-	-	-
Reduced Fare Reimbursement	1,345,862	1,345,862	-
Advertising Revenue	732,895	2,060,998	(1,328,103)
Miscellaneous/Other Revenue	814,537	1,548,138	(733,601)
<b>Total Operating Revenue</b>	<b>32,298,183</b>	<b>30,822,903</b>	<b>1,475,280</b>
<b><u>Operating Expenses</u></b>			
Pace-Owned Service Expenses	113,570,555	122,132,997	8,562,442
CMAQ/JARC/ICE Expenses	5,497,024	6,144,644	647,620
Contract Payments:		-	
Fixed Route Carriers	6,194,332	12,742,323	6,547,991
Paratransit Carriers	19,551,042	18,062,300	(1,488,742)
Vanpool Expenses	1,287,966	1,290,808	2,842
Centralized Operations	66,163,510	80,147,953	13,984,443
Indirect Overhead Allocation	(7,645,798)	(10,451,723)	(2,805,925)
Administrative Expenses	40,831,325	46,136,898	5,305,573
<b>Total Operating Expenses</b>	<b>245,449,956</b>	<b>276,206,200</b>	<b>30,756,244</b>
<b>Operating Income (Loss)</b>	<b>(213,151,773)</b>	<b>(245,383,297)</b>	<b>32,231,524</b>
<b><u>Non-Operating Revenue</u></b>			
Retailers' occupation and use tax from RTA (85% Formula)	123,182,482	114,941,689	8,240,793
RTA Sales Tax/PTF (PA 95-0708)	19,797,410	16,650,394	3,147,016
RTA PTF Funding I	11,249,705	10,979,310	270,395
RTA PTF Funding II	24,271,518	23,030,851	1,240,667
Suburban Community Mobility Fund (SCMF)	31,948,290	30,196,532	1,751,758
South Suburban Job Access Fund	7,500,000	7,500,000	-
Innovation Coordination and Enhancement Fund (ICE)	-	-	-
CARES Funding - Public Funding	-	-	-
CRRSSA Funding - Public Funding	-	-	-
ARPA Funding - Public Funding	71,263,074	33,770,210	37,492,864
Federal Operating Grants - Suburban Services	8,773,520	8,396,369	377,151
Interest on Investments	3,214,858	37,342	3,177,516
Interest Expense	(137,879)	(119,400)	(18,479)
<b>Total Non-Operating Revenue</b>	<b>301,062,978</b>	<b>245,383,297</b>	<b>55,679,681</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 87,911,205</b>	<b>\$ -</b>	<b>\$ 87,911,205</b>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>			
Provision for Depreciation	(50,804,949)		
Capital Grant Reimbursements	85,584,267		
Interfund Asset Allocation	(4,570,402)		
<b>Increase (Decrease) in Net Position - GAAP Basis</b>	<b>\$ 118,120,121</b>		

**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, 2022**

	Actual	Final Amended Budget	Variance
<u>Operating Revenue</u>			
ADA Service Revenue	\$ 7,334,630	\$ 6,754,650	\$ 579,980
CRRSSA Funding - Operating	-	-	-
Miscellaneous/Other Revenue	672,658	2,243,177	(1,570,519)
Total Operating Revenue	<u>8,007,288</u>	<u>8,997,827</u>	<u>(990,539)</u>
<u>Operating Expenses</u>			
ADA Service Expenses	182,663,872	195,590,199	12,926,327
Centralized Operations	10,504,994	13,562,139	3,057,145
Indirect Overhead Allocation	7,645,798	10,451,723	2,805,925
Administrative Expenses	6,704,016	9,148,438	2,444,422
Total Operating Expenses	<u>207,518,680</u>	<u>228,752,499</u>	<u>21,233,819</u>
Operating Income (Loss)	<u>(199,511,392)</u>	<u>(219,754,672)</u>	<u>20,243,280</u>
<u>Non-Operating Revenue</u>			
Regional ADA Paratransit Funding from RTA	188,450,192	208,037,378	(19,587,186)
Regional ADA Paratransit Reserve Fund from RTA	-	-	-
ADA State Funding	8,394,802	8,394,800	2
CARES Funding - Public Funding	741,648	-	741,648
CRRSSA Funding - Public Funding	6,213,925	3,172,494	3,041,431
Interest on Investments	417,724	150,000	267,724
Total Non-Operating Revenue	<u>204,218,291</u>	<u>219,754,672</u>	<u>(15,536,381)</u>
Increase (Decrease) in Net Position	<u>\$ 4,706,899</u>	<u>\$ -</u>	<u>\$ 4,706,899</u>
Reconciliation of Budgetary Basis to GAAP Basis:			
Provision for Depreciation	(1,903,294)		
Interfund Asset Allocation	4,570,402		
<b>Increase (Decrease) in Net Position - GAAP Basis</b>	<u>\$ 7,374,007</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, 2022**

<b>REVENUE</b>	
Pace-Owned Service Revenue	\$ 18,467,001
CMAQ/JARC Passenger Revenue	188,525
Fixed Route Carrier Revenue	1,689,956
Paratransit Revenue	8,134,841
Van Pool Revenue	924,566
CARES funding - Operating	-
Reduced Fare Reimbursement	1,345,862
Advertising Revenue	732,895
Interest on Investments	3,214,858
Miscellaneous	814,537
<sup>1</sup> Senior's Ride Free	1,321,032
<sup>2</sup> Not-For-Profit Service Providers Revenue	8,099,763
<b>Total System Generated Revenue</b>	<b>\$ 44,933,836</b>
<b>OPERATING EXPENSES</b>	
Pace-Owned Service Expenses	\$ 113,570,555
CMAQ/JARC Expenses	5,497,024
Contract Payments:	
Fixed Route Carriers	6,194,332
Paratransit Carriers	19,551,042
Van Pool Expenses	1,287,966
Centralized Operations	66,163,510
Administrative Expenses	40,831,325
Indirect Overhead Allocation	(7,645,798)
Interest Expense	137,879
<sup>2</sup> Not-For-Profit Service Providers Expense	8,099,763
<sup>3</sup> South Cook Job Access Expense Credit	(7,500,000)
<sup>4</sup> Bus Rapid Transit Expense Credit	(16,566,334)
Interest Expense Credit	(137,879)
<b>Total Operating Expenses</b>	<b>\$ 229,483,385</b>
<b>FAREBOX RECOVERY RATIO</b>	<b>19.6%</b>

<sup>1</sup> 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.

<sup>2</sup> Pace has a relationship with entities involved in the Advantage Program in which Pace provides 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.

<sup>3</sup> The 2022 approved Budget Ordinance for the Service Boards allows for recovery ratio exclusions for South Cook Job Access funded services.

<sup>4</sup> The 2022 approved Budget Ordinance for the Service Boards allows for recovery ratio exclusions for the expense of operating bus rapid transit service.

**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, 2022**

REVENUE	
ADA Services Revenue	\$ 7,334,630
Interest on Investments	417,724
Miscellaneous	672,658
<sup>1</sup> TAP/TNC Fare Credit	2,776,206
<b>Total System Generated Revenue</b>	<b>\$ 11,201,218</b>
OPERATING EXPENSES	
ADA Services Expenses	\$ 182,663,872
Centralized Operations	10,504,994
Administrative Expenses	6,704,016
Indirect Overhead Allocation	7,645,798
<sup>2</sup> Capital Cost of Contracting	(83,594,527)
<b>Total Operating Expenses</b>	<b>\$ 123,924,153</b>
<b>FAREBOX RECOVERY RATIO</b>	<b>9.0%</b>

<sup>1</sup> The 2022 Budget approved by RTA included a revenue recovery credit to offset fare revenue losses associated with temporary suspension of Taxi Access Program (TAP) and other user-directed Transportation Network Company (TNC) service fare collection. TAP and user-directed TNC services are cost-effective alternatives to traditional ADA Paratransit service and the \$3 per ride fare suspension was implemented to encourage ADA Paratransit customers to shift modes to these services. Actual 2022 TAP/TNC ridership was 925,402, resulting in a revenue credit of \$2,776,206.

<sup>2</sup> 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 2022, a credit of \$83,594,527 in Capital Cost of Contracting funding is included in the recovery ratio calculation.

**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, 2022**

	<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	\$ 1,174,029	\$ 70,696	\$ 1,244,725	\$ 366,174	\$ 878,551
Village of Niles	1,462,237	187,947	1,650,184	524,690	1,125,494
Village of Schaumburg	490,274	59,358	549,632	298,716	250,916
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$ 3,126,540</u>	<u>\$ 318,001</u>	<u>\$ 3,444,541</u>	<u>\$ 1,189,580</u>	<u>\$ 2,254,961</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, 2022**

<u>Regular Fixed Route</u>	<u>Operating Expenses</u>	<u>Passenger Revenue</u>	<u>Net Expenses</u>
First Transit	\$ 731,354	\$ 12,711	\$ 718,643
MV Transportation	<u>2,336,438</u>	<u>487,665</u>	<u>1,848,773</u>
<b>TOTALS</b>	<b><u><u>\$ 3,067,792</u></u></b>	<b><u><u>\$ 500,376</u></u></b>	<b><u><u>\$ 2,567,416</u></u></b>

**PACE**  
**THE SUBURBAN BUS DIVISION OF THE**  
**REGIONAL TRANSPORTATION AUTHORITY**  
**COMBINING SCHEDULE OF**  
**PARATRANSIT MUNICIPAL - CARRIER EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b><u>CARRIER</u></b>	<b><u>TOTAL</u></b> <b><u>REVENUE</u></b>	<b><u>TOTAL</u></b> <b><u>EXPENSE</u></b>	<b><u>OPERATING</u></b> <b><u>DEFICIT</u></b>	<b><u>PACE</u></b> <b><u>ASSISTANCE</u></b>	<b><u>NON-PACE</u></b> <b><u>ASSISTANCE</u></b>
Bloom	\$ 16,567	\$ 399,420	\$ 382,853	\$ 87,828	\$ 295,025
Crestwood	4,357	136,290	131,933	30,058	101,875
Forest Park	19,361	243,665	224,304	77,959	146,345
Lemont	2,764	64,283	61,519	16,626	44,893
Lyons	9,352	256,288	246,936	58,567	188,369
Norridge	1,876	45,262	43,386	13,127	30,259
Palatine	14,314	235,158	220,844	43,112	177,732
Palos Hills	4,704	66,514	61,810	12,934	48,876
Park Forest	9,002	82,791	73,789	23,155	50,634
Rich Township	29,739	417,419	387,680	84,956	302,724
Schaumburg	69,138	1,400,026	1,330,888	260,792	1,070,096
Total	<u>\$ 181,174</u>	<u>\$ 3,347,116</u>	<u>\$ 3,165,942</u>	<u>\$ 709,114</u>	<u>\$ 2,456,828</u>



**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, 2022**

<u>Project</u>	<u>Contract Expense</u>	<u>Passenger Revenue</u>	<u>Non - Pace Assistance</u>	<u>Net Contract Cost</u>
Bloomington Township	\$ 231,121	\$ 12,482	\$ 47,608	\$ 171,031
Call Centers	1,382,553	-	-	1,382,553
Call in Rides	2,319,012	65,144	-	2,253,868
Central Lake	1,946	183	365	1,398
Central Will	882,260	31,968	143,599	706,693
Community Service Transit	30,149	102,333	-	(72,184)
Downers Grove	92,734	8,832	17,225	66,677
DuPage County	4,600	725	-	3,875
DuPage Township	98,243	2,744	21,526	73,973
Elk Grove	320,186	8,130	38,881	273,175
Leyden Township	187,981	9,474	103,941	74,566
McHenry County	126,478	4,542	35,740	86,196
Milton Township	228,882	36,456	3,080	189,346
Naperville/Lisle	661,451	106,506	321,048	233,897
Northeast Lake	93,909	2,921	7,393	83,595
Northeast Lake-Zion	12,050	390	1,420	10,240
Northwest Kane - Hampshire	14,776	381	3,191	11,204
Northwest Lake	17,620	1,603	-	16,017
Northwest Lake Demo	76,923	6,508	99,898	(29,483)
North Suburban Cook - Non-ADA	-	-	-	-
North Suburban Cook - Trip	243,253	24,070	-	219,183
Pioneer Center	-	-	-	-
Ride DuPage	2,062,075	171,828	626,413	1,263,834
Ride In Kane	2,647,651	275,183	1,447,010	925,458
Ride Lake	804,081	47,645	32,233	724,203
Ride McHenry	3,260,085	180,272	1,129,274	1,950,539
Shields Township	8,979	834	1,993	6,152
South Cook	27,597	(3,702)	-	31,299
Southwest Lake-Wauconda	5,404	-	-	5,404
Southwest Will	8,907	456	1,978	6,473
TriState Park Shuttle	-	-	-	-
TNC Customer Directed Ride DuPage	22,857	-	-	22,857
Wayne Township	31,330	1,266	7,310	22,754
West Cook	38,198	-	38,201	(3)
Will County	260,635	21,423	246,915	(7,703)
<b>Total</b>	<b>\$ 16,203,926</b>	<b>\$ 1,120,597</b>	<b>\$ 4,376,242</b>	<b>\$ 10,707,087</b>

**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, 2022**

<u>Project</u>	<u>ADA SERVICES</u>		
	<u>Contract Expense</u>	<u>Passenger Revenue</u>	<u>Net Contract Cost</u>
South Cook	\$ 9,849,386	\$ 683,590	9,165,796
North Suburban Cook	6,450,333	462,612	5,987,721
West Cook (Suburban)	2,756,264	224,179	2,532,085
North Lake	1,396,241	96,467	1,299,774
Kane County	448,357	33,984	414,373
Southwest/Central Will	790,519	46,924	743,595
DuPage County	1,917,413	138,557	1,778,856
TNC Customer Directed DuPage	350,183	-	350,183
Chicago ADA	158,705,176	5,648,317	153,056,859
Total	<u>\$ 182,663,872</u>	<u>\$ 7,334,630</u>	<u>\$ 175,329,242</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, 2022**  
**WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021**

The Unrestricted Net Position detailed in footnote 12 on pages 83 - 84 is comprised of the unexpended portion of the accumulated positive budget variance.

	<u>2022</u>	<u>2021</u>
Group I: Approved and Completed	<u>31,030,191</u>	<u>30,247,995</u>
Group II: Approved and in Progress		
Computer Equipment - Multiple projects	-	128,307
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	7,986,169	8,400,000
Plainfield Park and Ride Lot - Engineering	949,493	1,000,000
Plainfield Park and Ride Lot - Construction	4,522,603	4,800,000
Orland Square Mall Passenger Facility	20,659	600,000
I-90 Corridor Infrastructure	954,895	954,895
Milwaukee Ave Infrastructure	-	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	4,264,124	2,730,727
A/E for Capital Projects	4,281,691	4,513,438
Land Easement	226,487	350,000
Transit Asset Management Plan - Consulting	-	745,345
South Div CNG Construction/General Contingency	1,986,513	1,986,513
Improvements to Garages	291,642	291,642
Unanticipated Capital - Multiple Years	3,695,599	445,599
Totals Approved and in Progress	<u>35,774,492</u>	<u>34,341,083</u>
Group III: Approved But Not Yet Started		
Electric Buses (Proterra)	12,800,000	-
North Division Renovation Match for Low No	1,394,082	-
A/E for Capital Projects	1,273,770	1,273,770
River Land Aquisition	630,000	630,000
NWTC - Mid life Improvements	854,526	854,526
Sales Proceeds Designated for Capital Projects	548,790	-
Unanticipated Capital - Multiple Years	500,000	750,000
North Division Renovation Match for Low No	50,507	-
Totals Approved But Not Yet Started	<u>18,051,675</u>	<u>3,508,296</u>
Total Commitments	84,856,358	68,097,374
Previously Recognized Expenditures	<u>(58,718,022)</u>	<u>(58,177,403)</u>
Net Commitments	<u>26,138,336</u>	<u>9,919,971</u>